

FINANCIAL TIMES

EBRD's de Larosière
'We will not cling on when we are no longer needed'

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Teamwork
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Switzerland
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FT WEEKEND
The flight from welfare

TOMORROW

World Business Newspaper <http://www.FT.com>

FRIDAY JULY 18 1997

Ulster deal may be put to voters in all-Ireland poll

The British and Irish governments are considering putting the outlines of a Northern Ireland settlement to voters in both Ulster and the Irish republic in a multi-party poll to be held next week. "Next Wednesday is D-day," said a senior official, amid growing gloom in Dublin and London about the chances of securing an agreement by the constitutional parties on decommissioning weapons held by paramilitary groups. Page 24

EU warns over WTO talks Senior diplomats negotiating a global deal on opening financial services markets to foreign competition have expressed optimism over progress in the WTO talks. But the EU has warned that a successful outcome by the December 12 deadline could be jeopardised by lack of movement from east Asian nations. Page 4

Crew to stay on Mir space station

The crew of Mir will not abandon the damaged space station and its latest problem will be fully resolved no later than Saturday, said mission director Vladimir Soloviyov. One of the three crewmen mistakenly pulled out a vital computer cable, disrupting the power supply system and plunging the ship into its worst crisis since the near-fatal collision on June 26. Meanwhile Nasa has cleared British astronaut Michael Foale, above, to train for a risky internal spacewalk to restore some power to the ailing station.

Japan's nepotism attacked: The influence of founders' families and ageing directors - still strong in some Japanese companies - has been challenged by Toshiba's Yamashita, former president of Matsushita Electric. Page 25, Lex Page 24

Security council plans: The US is trying to break the deadlock over the UN Security Council reform by proposing that seats should be reserved for developing countries. The plan would double the number of permanent members by giving one seat each to Africa, Asia and Latin America, as well as permanent membership to Germany and Japan. Page 4

Nomura commissions plummet: Brokerage commissions at Nomura, Japan's largest securities company, have plunged after the recent scandal surrounding the group's links with corporate racketeers known as *seiwaku*. Nomura's results for the first quarter show revenues from commissions fell by 36.3 per cent to ¥38.6bn (\$463m) in the three months to June 30. Page 25

Singapore dollar slides: Singapore's authorities have allowed a significant fall in the country's currency following recent devaluations in south-east Asian. The Singapore dollar has lost 0.6 per cent of its value against the US dollar, falling to its lowest level since February 1995. The Monetary Authority of Singapore (MAS) chose not to intervene to keep the currency stable. Page 6

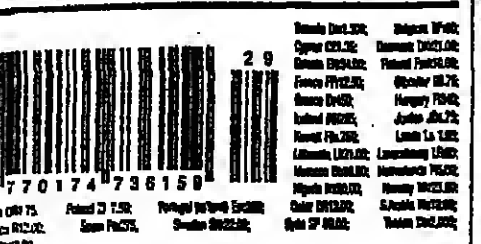
Anger over Japan's car exports: US car manufacturers have reacted angrily to Japanese trade statistics for June showing 38.5 per cent increase in car exports to the US. The rise helped boost the overall trade surplus in June to ¥34.2bn (\$427m) - 27.7 per cent higher than in the same month last year. It was the third consecutive month of big increases. Page 24

Sting sells rights: Sting, the pop singer so wealthy that he did not notice when his accountant swindled him out of \$10m, has sold the global music publishing rights to his songs to the EMI Group for \$20m. The deal, which covers all his compositions, comes two weeks after EMI, the world's largest music publisher, paid \$132m for 50 per cent of the publishing business linked to Motown Records. Page 25

Nelson touches: Two drafts for begging letters written by Admiral Nelson's mistress, Lady Emma Hamilton, to the Prince Regent in 1813 have fetched \$45,500 (\$76,000) at Sotheby's auction house in London. She claimed credit for persuading him to command the victorious fleet at the Battle of Trafalgar in 1805, but her plans were ignored and she died a pauper in 1815.

FT.com: the FT web site provides online news, comment and analysis at <http://www.FT.com>

STOCK MARKET INDICES		GOLD	
New York: Dow Jones	8,058.77 (+17.89)	New York: Gold	\$324.50 (\$18.4)
London: FTSE 100	5,578.80 (+1.23)	London: Gold	\$320.85 (\$18.15)
Asia: Nikkei 225	12,959.59 (+24.2)	New York: Silver	\$4.74 (+0.01)
HK: Hang Seng	4,227.31 (+23.07)	London: Silver	\$4.74 (+0.01)
TSE 100	4,968.2 (+1.2)		
BSE 30	20,519.25 (+10.57)		
US LUNCHTIME RATES		STERLING	
3-month T-bill	5.75%	London: £/\$	1.7913 (1.7930)
6-month T-bill	5.75%	DM/\$	1.7822 (1.7974)
12-month T-bill	5.75%	FF/\$	1.6581 (1.6703)
3-month Euro	5.100%	£/\$	1.4817 (1.4825)
6-month Euro	5.100%	DM/\$	1.7822 (1.7974)
12-month Euro	5.100%	FF/\$	1.6581 (1.6703)
3-month Yen	5.100%	£/\$	1.4817 (1.4825)
6-month Yen	5.100%	DM/\$	1.7822 (1.7974)
12-month Yen	5.100%	FF/\$	1.6581 (1.6703)
NORTH SEA OIL (August)		STOCK EXCHANGES	
Brent	\$18.94 (18.35)	London: FTSE 100	5,578.80 (+1.23)
Dated	\$18.94 (18.35)	London: Nikkei 225	12,959.59 (+24.2)



Transatlantic tensions rise as US warns of retaliation if Brussels outlaws merger

Clinton steps into Boeing row

By Emma Tucker in Brussels, Michael Stappin in London and Bruce Clark in Washington

President Bill Clinton of the US and French President Jacques Chirac yesterday stepped into the row over the proposed merger of Boeing and McDonnell Douglas, the US aircraft manufacturer, sharply increasing transatlantic tensions over the deal.

As negotiations to break the impasse between the European Commission and Boeing continued, President Clinton warned his administration would retaliate if the Commission outlawed the merger.

But there was still hope on both sides that a trade war could be averted. "I think we are a long way from that and I think we'll probably avoid it," said President Clinton.

to meet the Commission's demands. Although the Commission insists the deadline for submitting changes has now passed, it is unlikely to reject a last-minute deal.

are consulted on merger regulation, but have no formal say in the final Commission decision. The member states have so far presented a united front in support of the Commission's tough stance.

The two other competition concerns of the Commission appear to have been resolved. Brussels is understood to be prepared to accept a commitment by Boeing to establish McDonnell's civilian operations as a separate legal entity to reduce Boeing's influence over airlines currently operating McDonnell aircraft.

Fed chairman warns on US bank reforms

By Mark Swanson in Washington

Mr Alan Greenspan, chairman of the US Federal Reserve Board, has warned that legislative proposals to break down legal divisions between banking and commerce were too sweeping and called on Congress to limit the reforms.

Mr Greenspan objected to a portion of the bill which would allow financial services companies to own up to 15 per cent of a commercial affiliate - intended in part to allow securities firms which already have non-financial holdings to enter the banking sector.

He said growth and consolidation in financial services had made such a move unnecessary and would involve the extension of the existing "safety net" of federal banking insurance over a wide range of other activities. That, he said, could be detrimental to the banking system.

Mr Greenspan also cautioned that the rapid pace of technological advance made it wrong to enact far-reaching changes that might prove inappropriate to future activities.

There is no reason not to proceed in incremental steps," he added.

Mr Greenspan's comments come as Congress considers abolition of the 1933 Glass-Steagall Act, which prohibits banks from owning stock in insurance companies.

Kenyan President Daniel arap Moi in Nairobi yesterday. Official aid figures have revealed that Western donors gave Kenya assistance worth more than \$8bn between 1986 and 1995, in spite of evidence of government corruption. Report, page 24.

BT rift with MCI widens in new dispute

By Richard Waters in New York and Alan Cane in London

The rift between British Telecommunications and its takeover target, MCI of the US, deepened last night as the companies gave conflicting accounts of when BT first knew of MCI's financial difficulties.

MCI claimed the UK company learned in March this year that the US group faced far higher losses than had been expected from its efforts to break into the local telephone market.

BT said this was "totally untrue". BT top executives said last week that they were

not told the extent of the problems at that time, and did not learn of the full costs until an MCI board meeting last week. It was "new news" according to Sir Peter Bonfield, BT chief.

Flood-hit E Europe faces threat of more heavy rain

By Christopher Bobinick in Warsaw and Kevin Done in London

Poland and the Czech Republic were yesterday bracing themselves for further heavy rains, in the wake of floods which have undermined the Polish currency and threatened Czech economic growth.

The floods, the worst this century, have killed nearly 100 people and forced economists to reduce growth forecasts for the Czech Republic, where some estimates of the damage have risen to \$2.9bn.

In Poland, Mr Wlodzimierz Cimoszewicz, prime minister, warned that further heavy rains could trigger more floods in the south, leading to renewed pressure on the zloty yesterday.

The severity of the flooding is adding to economic pressures in Poland, with the government already engaged in a fierce domestic debate on limiting the budget deficit before the autumn general election.

Poland has appealed for aid and has called for a day of mourning today.

Mr Ivan Filip, Czech finance minister, said the government was considering taking a loan of more than \$1bn from the European Investment Bank to rebuild damaged roads and public utilities.

Komerční Banka, the leading Czech bank, said the floods would limit economic growth to the lower end of their forecast of between 1.5 and 2.5 per cent this year.

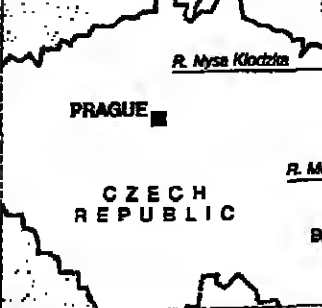
In the Czech areas of east Bohemia and Moravia up to 50cm of rain have fallen in the past two weeks.

The Czech Weather Service yesterday issued its highest level warning of more floods

in the affected regions. Czech industry is estimated to have suffered losses of up to \$10bn because of the floods, the industry and Trade Ministry said.

The country's three largest steel plants - Nova Hut, Vitkovice and Trinec Zelezarny - and OKD, the largest coal mine, have had to cut output, as manufactured steel has piled up in immobilised rail trucks and raw materials have been unable to reach the plants.

Weather, Page 24



Weather, Page 24

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NEWS: EUROPE

Profitable corporate sector asked to stump up in attempt to narrow budget deficit closer to 3%

French companies braced for extra tax

By David Owen in Paris

France's increasingly profitable corporate sector will next week be asked to stump up billions of francs in extra taxes to help narrow the country's budget deficit.

Officials yesterday confirmed that profitable companies and well-off households would be hardest hit to help raise revenues and to keep the deficit as close as possible to 3 per cent of gross domestic product. This is the level theoretically required to permit France to join the planned

European single currency. An audit of government finances set for release on Monday is expected to show that the deficit is on course to exceed 3.5 per cent of GDP - down from more than 4 per cent in 1996 - if additional tax and spending measures are not taken. The government yesterday began taking to work out what these measures might be. They will then be debated and voted on at an extraordinary session of parliament at the beginning of September.

Though the government yesterday emphasised that

final decisions on specific measures had not been taken, it looks increasingly likely that the corporate whip-round will take the form of a one-off increase in corporation tax which is currently levied at 36.8 per cent. Reports have suggested that a 10 per cent increase in the tax may be asked for, taking it temporarily to more than 40 per cent, and raising some FF12bn (\$1.97bn) but these reports have not been confirmed.

The financial performance of French companies improved markedly through

1996, in spite of the country's sluggish economic growth. In March analysts were forecasting that earnings per share generated by French companies during 1996 would turn out to have exceeded 1995 totals by between 180 and 340 per cent - depending on how broad a range of companies was included in the calculations.

Many expect France to gamble that a 1997 deficit of about 3.3 per cent of GDP will, in fact, be enough to keep European economic and monetary union on track. For this to be so, Ger-

many would almost certainly have to call time on its efforts to meet the formal 3 per cent of GDP Maastricht deficit target and settle for a similar overshoot.

Meanwhile, there were fresh signs last night of tension between the Socialists and their Communist coalition partners, when a senior Communist said the party was opposed to the privatisation of groups such as France Telecom, Air France, Thomson and various banks.

Calling for a grand debate about privatisation, Mr Paul Lespagnol, a member of the

Communists' national secretariat, said the party opposed such privatisations even if they were "creeping or disguised".

His remarks came the day after Mr Dominique Strauss-Kahn, finance and industry minister, indicated the state would allow its stake in Thomson-CSF, the defence electronics giant, to fall below 50 per cent from 58 per cent at present. Some ministers also expect to partly privatise France Telecom this autumn, before next year's liberalisation of European telecoms markets.

Chirac positive over Emu first wave

By Lionel Barber in Brussels

President Jacques Chirac of France yesterday predicted that a bigger than expected group of European Union countries would join economic and monetary union on schedule on January 1 1999.

In remarks which will please borderline Italy, Mr Chirac said during an official visit to Brussels that "as large a number of countries as possible" should take part in the planned single currency.

He brushed aside doubts about France's ability to meet the public deficit criterion of 3 per cent of gross domestic product, despite hints from the Socialist government that the shortfall this year could reach 3.5 per cent or more.

Although Mr Chirac declined to put public pressure on the leftwing coalition government in Paris, he made clear his preference for the authorities to make the extra effort once the latest public audit is published early next week.

"France will respect the letter and the spirit of the treaty," he said, "that will pose problems in France as in all the other (EU) countries."

Mr Chirac offered a positive assessment of the European Commission's 1,300-page blueprint for admitting new members from central and eastern Europe early next year. But he was cautious about the Commission's six-strong shortlist of countries deemed ready to open accession negotiations with the EU next year: the Czech republic, Poland, Hungary, Estonia, Slovenia and Cyprus.

Mr Chirac said the choice of Estonia was "wise" and "rational", but he said it was a problem because some might feel that the EU should take in all three Baltic states, including Latvia and Lithuania, at the same time.

The French president declined, however, to take up the cause of Romania for early EU membership - in contrast to the campaign for early Nato membership which he waged on behalf of Bucharest as last week's Madrid summit.

He also explicitly mentioned the Czechs, Hungarians and Poles as a front-runner group for membership in "2001-2003".

EU leaders are due to decide in December which countries should begin accession negotiations and on the proposals which the Commission has put forward for reform of the Common Agricultural Policy and the regional aid budget.

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 80318 Frankfurt am Main, Germany. Telephone +49 (0) 188 550. Fax +49 (0) 188 550 481. Registered in Frankfurt by J. Walter Brandt, Wilhelm J. Brandt, Colin A. Kennard as Geschäftsführer and in London by David C. M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 1 Baringway Gardens, London, W1X 1LE. Shareholder of the company is Pearson plc, registered at the same address.

GERMANY:
Responsible for Advertising content: Colin A. Kennard, Premier, Hoyer International Verlagsgesellschaft mbH, Adminal-Rosenstraße 3a, 63263 Neu Isenburg, ISSN 0171-1561. Responsible Editor: Richard Lambert, 20 The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

FRANCE:
Publishing Director: P. Marignier, 4 Rue La Boétie, 75008 PARIS. Telephone (01) 57 66 2234. Fax (01) 57 66 2235. Premier: S.A. Nord Edit, 1521 Rue de Calais, F-91000 Roissy-Charles de Gaulle, WXY 1LE. Shareholder of the company is Pearson plc, registered at the same address.

SWEDEN:
Responsible Publisher: Hugh Cartney, 468 013 0035. Printer: AB Kvalitetstryckeriet, Expressen, PO Box 6007, S-550 06, Jönköping.

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Pay victory for Russian N-workers

By Chrystia Freeland

Russia's desperate nuclear power plant workers declared victory yesterday, when the government promised to pay delayed wages to protesters who had walked nearly 400km to bring their demands to Moscow.

The march on Moscow began two weeks ago, when the workers of the Smolensk Nuclear Power Plant, 360km south-west of the capital, set out on foot to make their case to the government.

They were joined by colleagues from four other atomic reactors and researchers from Russia's nuclear institutes.

Demonstrators, (pictured right), who walked through the Russian provinces wearing the white protective gear of their profession, reached

the capital yesterday, where their representatives held a meeting with Mr Boris Nemtsov, the first deputy prime minister.

The nuclear workers cheered, applauded and made victory signs at the news that Mr Nemtsov had promised to transfer Rb24.5bn (\$4.4m) immediately to the Smolensk power plant to pay back wages. The minister also vowed that wages at all atomic reactors would be paid on time for the rest of the year.

In spite of their strategic importance, nuclear reactors have been hard hit by Russia's wage crisis. They are fully state-owned and the sale of the electricity they produce is centrally controlled, depriving them of direct leverage over their customers.



Berlusconi and Di Pietro feud set for a bitter end

In signing up Mr Antonio Di Pietro, Italy's centre-left has acquired the popular hero of the "clean hands" anti-corruption campaign that brought down the postwar political system. However, the move, announced on Wednesday, bears the signs of a cynical deal and is already being referred to in terms of a football transfer.

Mr Di Pietro, the former anti-corruption magistrate and briefly minister in the Prodi government, has, after much hesitation, agreed to stand in Florence for a safe vacant Senate seat, in the colours of the ruling centre-left Olive Tree coalition.

Mr Di Pietro, who had previously admitted his sympathies for the right had been assiduously courted by the opposition. This move in effect neutralises Mr Di Pietro, preventing him from removing votes from the Olive Tree.

However, for the ex-magistrate, the deal affords the full political protection of the Olive Tree and its dominant partner, the Party of the Democratic Left (PDS). More important, once elected, Mr Di Pietro will enjoy parliamentary immunity, shielding him from a series of investigations relating to the alleged abuse of his office while he was an anti-corruption magistrate in Milan. One of these investigations obliged him to resign last November after only five months as public works minister.

Leftwingers, who regard Mr Di Pietro as a rightwing populist with authoritarian tendencies, yesterday critic-

ised his recruitment, while the rightwing opposition greeted the decision with a mixture of dismay and sarcasm. Mr Silvio Berlusconi, the opposition leader and former premier, accused Mr Di Pietro of wanting to become a senator only for parliamentary immunity.

Mr Berlusconi's salvo was not the first and is not likely to be the last. The Forza Italia leader regards Mr Di Pietro as a serious rival and the two men have been involved in a long-running feud which goes back to early 1994, when Mr Berlusconi courted Mr Di Pietro in vain to enter his new government. On this feud hinges the fate of the former

ing to blackmail Mr Di Pietro to quit, thereby weakening the resolve of the Milan judiciary to prosecute Mr Berlusconi. A Brescia court dismissed the charges despite hearing evidence of compromising dossiers being prepared against Mr Di Pietro. The dossiers centred on loans and a second-hand Mercedes Mr Di Pietro had acquired to receiving from a Milan businessman convicted of insurance fraud. A counter-move by the pro-Berlusconi camp led to Mr Di Pietro being tried for alleged extortion over the loan and Mercedes by the same Brescia judiciary. The existence of this case prevented Mr Di Pietro from forming a party

and Mr Berlusconi recently claimed he knew "chilling" facts about the former magistrate. These materialised last week in the form of a deposition to Brescia magistrates by Mr Antonio D'Adamo, a Milanese construction magnate who was a friend of Mr Di Pietro and who once helped run Mr Berlusconi's own construction group. The deposition alleged Mr D'Adamo gave Mr Di Pietro a loan, the use of a mobile phone and a Lancia in return for favourable treatment of certain figures under investigation. Mr Berlusconi has given evidence to Brescia magistrates against Mr Di Pietro on this. For his part, the former Milan magistrate has accused the Forza Italia leader of being behind Mr D'Adamo.

If Mr Di Pietro can be exposed as a partial magistrate who accepted favours, the 18-month-long corruption trial of Mr Berlusconi will probably collapse. The entire "clean hands" anti-corruption campaign spearheaded by the Milan judiciary will also be compromised. Alternatively, if Mr Di Pietro clears his name, then Mr Berlusconi's position will be weakened both politically and in the courts.

There are now two protagonists on different sides of the political fence who have yet to clear their account with the justice system. Cynics will see this as further encouragement to the campaign for an amnesty of those caught up in the corruption scandals.

Robert Graham

On this battle hinges the fate of former premier's corruption trial

premier's corruption trial and his possible sentencing.

Mr Di Pietro was then at the apex of popularity as a magistrate, and Milan magistrates were already investigating Mr Berlusconi's Fininvest business empire for corruption and falsifying accounts. In November 1994 Mr Di Pietro signed documents placing Mr Berlusconi, while prime minister, under investigation for alleged corruption.

The following month Mr Di Pietro resigned as a magistrate in circumstances that are still unclear. Mr Berlusconi's younger brother, Paolo, and Mr Cesare Previti, defence minister in 1994 and Mr Berlusconi's Rome lawyer, were subsequently charged with allegedly try-

ing to fight the April 1996 elections; but once cleared he became public works minister as an independent in the Prodi government.

The ministerial post, like the Senate seat this week, was offered because the centre-left feared he would be a loose cannon, tempted to side with the rightwing opposition. However, last November he was forced to resign as minister after being formally placed under investigation for alleged partiality given while a magistrate to Mr Pierfrancesco Pacini Battaglia, an Italian-Swiss financier already convicted of playing a big part in channelling illicit funds to political parties.

Mr Di Pietro is still being investigated on this score

Kremlin pins hopes on sell-off

By Chrystia Freeland in Moscow

Bidding in Russia's most expensive privatisation since the beginning of market reforms - the \$1.18bn sell-off of a stake in Svyazinvest, the national telecoms giant - will in effect close today.

The Kremlin hopes the sale of a 25 per cent stake in Svyazinvest will provide a quick injection of cash the treasury desperately needs to pay off disgruntled soldiers and workers. Already 95 per cent of the revenues from the sale are earmarked for the state.

The government reform team is also keen that the auction, whose winner will be announced on July 25, should set new standards of openness and transparency for Russia's heavily criticised privatisation process.

Although bidding for the much-sought-after telecoms giant formally closes on Monday, Mr Vladimir Bulgak, a deputy prime minister, said that because of the vagaries of the Russian banking system he expected would-be buyers to put down the required \$400m deposit today.

"Tomorrow will be the last day when those who decide to bid will have to take their pens and sign \$400m cheques, the sum of advance payment to be remitted to the accounts of the property fund," Mr Bulgak said yesterday.

The contest has provoked a rift among Russia's once closely allied banking tycoons. Although bids have not yet been placed, two of the top rivals are expected to be consortia led on one side by Most and Alfa, two allied Russian banking groups, and on the other side by Oneximbank.

However, reformers in the government and western investors are hoping that the struggle over Svyazinvest will make the telecoms privatisation a welcome change from the opaque, insider-dominated sell-offs of the past.

"A conspicuously fair auction would be excellent news for the market," said one Moscow-based financier.

Because the Russian banks do not have sufficient spare cash to meet the minimum bid price of \$1.18bn, they have linked up with rich western investors wanting to buy into the telecommunications sector. Both the Alfa/Most consortium and Oneximbank have formed syndicates with rich western investors.

Foreign bidders are not barred from the privatisation but it is expected that a Russian-western alliance stands the best chance. Western analysts said that foreign telecoms operators, including Stet, the Italian telecoms company involved in the initial hotchpot privatisation of Svyazinvest in late 1995, US West and Deutsche Telekom, might be involved in the bidding.

A shareholding in Svyazinvest will indirectly give investors a 38 per cent stake in 85 regional telephone companies as well as in Ros-telecom, the dominant international and long distance carrier. The equivalent stock market value of such shareholdings is currently about \$1.4bn.

However Russian officials have emphasised that the state is determined not to surrender its control over Svyazinvest, citing the company's vital role in national security matters.

"We do not plan to give up the controlling stake in Svyazinvest. We are not Mexico, we are a country with nuclear weapons," said Mr Vladimir Boldin, deputy minister of communications.

EUROPEAN NEWS DIGEST

Çiller spy charge probed

A Turkish military prosecutor has begun investigating claims by an extreme leftwing publication that Mrs Tansu Çiller, the former prime minister, spied for the Central Intelligence Agency. According to a magazine owned by the Workers party, Mrs Çiller volunteered as a CIA recruit before she went to study in the US in the early 1970s.

The armed forces have seemed determined to destroy Mrs Çiller politically ever since she participated in the 11-month Islamist-led coalition that collapsed last month under intense military pressure.

Military prosecutors have also accused her former interior minister of spying on the forces and detained a police intelligence chief on similar charges.

The US embassy said that "any suggestion of a clandestine relationship between Mrs Çiller and the US government is completely false". Mrs Çiller herself said: "Whoever takes these claims seriously should be ashamed of themselves."

John Barham, Ankara

DASSAULT ALLEGATIONS

France to hand over papers

France has agreed to hand over documents long demanded by the Belgian justice authorities on alleged corruption involving Mr Serge Dassault, managing director of the French aviation group Dassault.

President Jacques Chirac agreed at a meeting in Brussels with Mr Jean-Luc Dehaene, Belgium's prime minister, to transmit most of the documents, ending a dispute which has soured relations between the two countries.

Belgium asked the French authorities in October 1995 to assist in searching Dassault offices in connection with allegations that the aviation group had paid bribes to the Socialist parties in Wallonia and Flanders to win contracts to modernise Belgian military aircraft. But France has delayed sending documents connected with the case, on the grounds that they involved French national security issues.

Belgium had also issued an arrest warrant for Mr Dassault after he refused to appear before Belgian investigators. It withdrew it last month after Dassault's lawyers supplied documents.

Neil Buckley, Brussels

BASQUE BLAST

Eta bomb suspected

An explosion ripped through an apartment believed to be a hideaway for the Basque guerrilla group Eta yesterday, only days after the separatist rebels killed a young politician. Police said no one had been injured. They suspected the blast might have been triggered by bomb-making materials stored in an Eta "safe house" in the Basque town of Durango. They said they had found an arsenal of weapons inside the apartment, including grenades and bomb parts.

Gestoras Pro Amnistia, a human rights group that lobbies for better conditions for Eta prisoners, said one man had been arrested, although this could not be confirmed officially. Police blanketed the area and set up roadblocks in the search for suspects.

Millions of people have been taking to the streets throughout Spain to express their outrage at the murder of the Basque politician Miguel Angel Blanco, in some cases, angry crowds have attacked Eta sympathisers.

In the Basque city of San Sebastian, officials have been bracing for a demonstration planned for tomorrow by Eta's political wing, Herri Batasuna. The Basque regional government on Wednesday banned the protest for fear it would ignite more violence. Herri Batasuna said yesterday it had filed an appeal but would call off the rally if the ban was upheld.

Reuters, San Sebastian

BALKAN PROTESTS

British base attacked

Four grenades were thrown at the British base in the Bosnian Serb controlled town of Banja Luka yesterday, in apparent retaliation for a British swoop on two Serbs indicted for war crimes. Three of the grenades exploded but no one was injured. British peacekeeping soldiers fired warning shots and detained several suspects.

The attack was the second on international agencies yesterday. An explosion blew out windows of a hotel housing units of the Organisation for Security and Co-operation in Europe and the United Nations in the Bosnian Serb town of Pale. Elite British troops last week snatched a Bosnian Serb suspected war criminal and shot dead another who had resisted arrest. The tougher western approach to wanted war criminals has stirred Serb anger. Bombs have destroyed vehicles and damaged buildings housing international officials. A US soldier was stabbed in the shoulder with a sickle on Wednesday, and a grenade exploded near the house of a UN employee the northwest town in Prijedor.

Agencies

PARIS STRIKE

Eiffel Tower stays shut

The Eiffel Tower remained closed for a second day as management met workers to try to end a strike at the Paris landmark, which is visited by about 5.6m people a year. Hundreds of dismayed tourists were turned away from the base of the 1,050 foot tower, completed in 1889.

Workers are striking in protest at the sacking of a man accused by a British tourist of manhandling her last month when she suffered vertigo and tried to get out of a lift as the doors were about to close.

The Eiffel Tower, rated the world's tallest building until the completion of the Empire State skyscraper in New York in 1931, claims to attract more paying visitors than any other such monument in the world.

Reuters, Paris

ECONOMIC WATCH

Fewer Dutch out of work

Dutch unemployment fell to 5.6 per cent of the labour force at the end of June, compared with 6.3 per cent at the same time last year, according to unadjusted figures from the central statistics bureau. The number of people without a job has been declining steadily since early 1994. At the end of June 376,000 people were registered as unemployed, down from 418,000 in the same period last year. Dutch job creation has been boosted by measures to deregulate the labour market, as well as by strong corporate performances. However, many of the new jobs are part-time. With roughly a third of employees working less than 38 hours a week, the Netherlands has the highest rate of part-time employment in the industrialised world.

Barbara Smith, Amsterdam

Kohl rival seeks allies in Greens

By Ralph Atkins in Bonn

Mr Gerhard Schröder, the most likely Social Democratic challenger to Chancellor Helmut Kohl in Germany's federal elections next year, has indicated a willingness to work in coalition with the Greens - and also with allies of Mr Kohl.

In an interview yesterday, Mr Schröder went further than before in expressing his desire to run for the top job - and to re-draw the country's political map. By reaching out across the political spectrum he also reflected the widespread desire to break the log-jam in Bonn politics which has hampered attempts at structural reform.

Mr Schröder, currently prime minister of Lower Saxony, told Stern magazine that an SPD-Green majority in the Bundestag, or lower house of parliament, was

"the most likely" outcome of next year's elections. "We must make clear in timely fashion that we want a Red-Green coalition. The people won't buy us when we hum and ha and say we'll decide after the election," he said.

His comments contrasted with the stance of Mr Oskar Lafontaine, the SPD leader, who may yet decide to run himself. Mr Lafontaine has so far refused to be drawn on a Red-Green coalition.

The SPD is not due to select its chancellor candidate until next spring but a survey of 600 top business people, politicians and civil servants for the economics magazine Capital yesterday showed almost 90 per cent of managers believed Mr Schröder would be the party's standard bearer. Some 59 per cent of business and 61 per cent of the politicians expected a change of government after the election.

The same survey found that more than 30 per cent of those surveyed believed Germany was suffering a "reform jam". Mr Kohl's efforts have been hampered by the SPD-dominated Bundestag (upper chamber), which has obstructed plans to reform Germany's complex and unfair tax system. A consultation committee is due to meet on July 30 to attempt to thrash out a parliamentary deal.

Mr Schröder opposed a "grand coalition" combining the SPD with Mr Kohl's Christian Democratic/Christian Social Union but suggested that if a Red-Green coalition failed to find a majority, he could work with CDU figures, among them Mr Volker Rübe, the defence minister, and Mr Kurt Biedenkopf, prime minister of Saxony, who is among the more radical proponents of pension reform.

Warning of resurgent Russian nationalism □ Commission 'used obsolete data'

Lithuania presses EU for accession



Prime Minister Gediminas Vagnorius. "Negative signal to reactionary forces in other countries which could affect the stability of our country," he said yesterday in an interview with the Financial Times.

By John Thornhill in Vilnius

Lithuania will next week launch an aggressive campaign to persuade European Union leaders to overturn the European Commission's latest recommendation and invite the biggest Baltic state to begin accession talks next year.

Mr Gediminas Vagnorius, the prime minister, warned that further delays in Lithuania's application to join the European Union might encourage nationalist forces in Russia to re-assert their influence over the Baltic region.

"I think the Commission's political conclusion may give a negative signal to reactionary forces in other countries which could affect the stability of our country," he said yesterday in an interview with the Financial Times.

Earlier this week, the

Commission recommended that only one Baltic state - Estonia - should be among a group of six countries to start talks on accession in 1998.

It argued that reforms in Lithuania and Latvia were lagging behind and that they should not be accepted among the first wave of applicants.

EU leaders will draw up a final shortlist at a summit meeting in Luxembourg at the end of the year although it is thought unlikely that they will override the Commission's recommendations.

Mr Vagnorius said Lithuania fully deserved to be among the first wave of applicants and criticised the "obsolete" data used by the Commission, questioning whether its conclusions had been made solely on objective grounds.

He said the Commission had understated Lithuania's success in combating

inflation, which had been cut to 13.1 per cent over the course of 1996 and would fall to about 7 per cent this year.

The Commission had calculated Lithuania's annual inflation rate at June 1996 as amounting to 24.5 per cent.

Mr Vagnorius, who had pledged EU membership would be his government's top priority when entering office last October, said the Commission had also failed to take account of recent legislation speeding up privatisation and introducing new bankruptcy procedures.

The Lithuanian government will submit a detailed response to the Commission's analysis on Monday and will lobby EU member governments to support its cause at the Luxembourg summit.

"We have very good relations with Denmark and with other Nordic countries.

We also hope that Germany is going to keep its promise to act as the defender of the Baltic states," Mr Vagnorius said.

Mr Algirdas Semeta, the finance minister, said that Lithuania's economic performance had improved strongly in recent months - as had been recognised by the Standard & Poor's credit rating agency.

Last month, S&P awarded Lithuania an investment grade rating of BBB minus, the same as Hungary and Poland, which were included on the fast track to EU membership.

Mr Semeta said this rating had enabled Lithuania to issue a \$200m eurobond priced at just 105 basis points over US Treasury bills.

When Lithuania first entered the international capital markets in 1995 it was borrowing at a spread of 445 basis points.

EU lobbyists shout louder to be heard

Strasbourg assembly's new powers mean more work for pressure groups, writes Sander Thoenes

Strasbourg's holiday slumber was disturbed this week by the descent on the European Parliament of a bewildering army of lobbyists, doctors, priests, patients, industry executives and farmers.

They went to battle over a highly complex directive to harmonise patent law for biotechnological inventions which passed a first reading by MEPs on Wednesday. It is intended to help ensure that biotech research and development in Europe will eventually make a profit and help the industry catch up with US competitors.

Many of the interest groups see their campaign as a watershed for lobbying the European Union institutions. This week was the largest lobby to date aimed at the European Parliament, and reflected the assembly's growing influence over the European Commission and the Council of Ministers.

It was also one of the more emotional lobbying efforts.

Opponents, united behind the slogan "No patents on life",

warned that industry would monopolise human genes, plants and animals and obstruct medical progress. They bombarded MEPs with postcards of babies and pregnant women marked with barcodes and a question: "Patented?"

Supporters, however, countered with their own slogan: "Patents for life", and produced disabled teenagers to tell MEPs that biotech companies would not invest in life-saving new treatments unless their inventions were secured by patents.

Their arguments clearly won last week, when the draft directive came to a vote in the Parliament, with 388 members voting for and only 110 against. "Emotional appeals are very effective," said Mr Paul Adamson, a veteran Brussels lobbyist.

The growing influence of the European Parliament has made it the target of an upsurge in lobbying effort.

For decades, it did little more than consult the European Commission, which drafts legislation,

and the Council of Ministers, which adopts laws. But the Maastricht treaty gave parliament a limited veto over Council votes and this was extended in the treaty agreed at last month's Amsterdam summit.

So far, however, Parliament has exercised this right only once - in 1995, on the earlier version of the patent directive it approved on Wednesday. "I think it stupefied the industry," said Mrs Maartje van Putten, a Dutch MEP. "It was the first realisation: My God, parliament has a say."

Lobbyists say their greatest challenges in pressing a case at the European Union level are the many nationalities and the delicate balance of power between Parliament, the Commission and the Council.

"There is no obvious single body which decides. And even there were, it would be made up of many nationalities and interests," Mr Adamson said. "You have to seek alliances."

Divided by nationality and party

loyalties, factions in parliament rarely vote as one. For instance, the Socialist bloc split over the patent directive. In Council and the Commission it means that decisions are usually taken by consensus, as hard-fought compromises.

"Decisions are made for totally absurd reasons, just because it's one country's turn to get its way," said Ms Liz Hosken, director of the UK-based Gaia Foundation which opposes the patent directive. "The real issues get diminished."

Much of the lobbying still focuses on the Commission in Brussels. Mr Raymond Calamara, a partner in the law firm Hogan & Hartson, likens Brussels to Washington DC, the world capital of influence peddling.

Like Washington, he said, "Brussels cannot have a good feel for the pulse of Europe. It's too large." But compared to the Washington Beltway, "Brussels is a little less transparent. More time of lobbyists goes into figuring out what happened or getting the key document.

There is a democratic deficit."

Few can afford lobbying Brussels, Luxembourg, Strasbourg as well as the 15 member states. Mr Alastair Kent, leader of an alliance of patent groups which support the patent directive, said his lobbyists accept free flights and hotel rooms from biotechnology industries, while animal right groups pay their own way or stay at home. "If we didn't get this help from industry, how would we get there?" he said.

Next on the biotech lobby's agenda is a draft proposal to label and perhaps even segregate genetically modified crops such as maize and soya beans. Companies fear negative labelling may scare buyers and say segregation of crops would be costly and impractical.

But they may find that lobbying overkill can backfire. "There are too many lobbyists here," said Mr Antonios Trakatlidis, a Greek MEP in Strasbourg. "We have to regulate the business of lobbying. We can't do our job properly. It should be a balanced influence."



Patentiert?

"Patented?" asks the caption of this postcard, with which lobbyists opposing the biotechnology directive this week bombarded European MPs through the mail

NEWS: THE AMERICAS

New spotlight for tobacco deal

When the big US tobacco companies started talks with state lawyers and other groups leading to last month's proposed \$368.5bn settlement, their stated goal was simple and unequivocal: "Total peace now and forever."

But as attention shifts from the smoke-free rooms where the deal was negotiated to Washington where it has to be approved, it is becoming clear that this result may prove more elusive than expected.

As the White House and Congress start to examine the small print, opinion is sharply divided on whether the settlement is a historic opportunity or a "Trojan camel" through which the industry will protect its profits while insulating itself from future lawsuits.

The fault lines are opening up in three main areas: the right of the Food and Drug Administration to regulate nicotine, the ability of tobacco companies to restrict disclosure of potentially incriminating documents, and the price tag and penalties.

The first issue was raised last week by President Bill Clinton, who said he strongly opposed a key provision requiring the FDA to prove that regulations on



The White House and Congress must examine deal

nicotine would not create a black market in cigarettes. In talks with industry representatives, White House officials have since confirmed they would insist on some changes in this area.

Meanwhile, a report on the proposal by a panel of prominent health groups, which has strong congressional

support, hit out at a compromise which would allow the industry to delay release of sensitive information about its knowledge of the health implications of tobacco products until after the deal becomes law.

The most important and contentious element, however, is financial. Negotia-

TOBACCO: attention shifts to Washington

Main areas of political concern about the deal:

- Restrictions on the FDA's ability to regulate nicotine
- Delays in the release of potentially incriminating documents
- Inadequate targets and penalties on under-age smoking
- Tax deductibility of settlement payments
- Legal and constitutional problems

tors who agreed the settlement support it on the grounds that the sum to be paid is probably greater than would be achieved even if existing lawsuits were successful.

Nevertheless, the positive effect that news of the talks had on tobacco stock prices has concerned legislators who fear the industry is being unjustly rewarded. The White House is also worried that settlement payments would be tax deductible - in effect costing the federal government revenues in the region of \$100bn over 25 years.

"Congress should not settle for a mere \$150n per year when justice demands and the industry can afford to pay a great deal more," said Mr Hubert Humphrey III, Minnesota attorney-general.

Equally concerned about future wrongs, public health advocates are also demanding tougher targets on cutting under-age smoking - currently the deal calls for a

60 per cent fall in 10 years - and stiffer financial penalties if they are not achieved.

Finally, the settlement may run into legal difficulties, particularly as the Supreme Court recently struck down a similar \$1.3bn deal to settle claims against former asbestos makers on the grounds that it did not meet federal requirements.

Nevertheless, what is most striking about the political debate is that it already focuses on details.

The principle of a comprehensive settlement has been broadly accepted by all sides. And as Mr Richard Blumenthal, Connecticut attorney-general and one of the architects of the deal, pointed out, while some provisions may require modification, ultimately policy-makers will have to assess it as a whole. "The key question is whether the final package is worth the price," he said.

Mark Suzman

Argentine jobless rate down to 16.2%

By Stephen Fidler, Latin America Editor

Argentina's unemployment rate dropped in May to about 16.2 per cent of the workforce, Mr Roque Fernandez, the economy minister, said yesterday.

The figure - a preliminary estimate of an official figure to be released shortly - suggests Argentina's rapid recovery from the 1995 recession is generating jobs.

Argentine unemployment, which is surveyed twice yearly, was at 17.3 per cent in October, having peaked at 18.6 per cent in May 1995.

Mr Fernandez said in a London interview that the fall was especially marked - between 1.6 and 1.8 percentage points - in the Greater Buenos Aires area. This area has borne unemployment rates of close to 20 per cent.

The minister said labour market reforms now before Congress could have a big effect in bringing down the jobless rate further.

If the reforms were passed in full, unemployment could fall to 6 per cent by the end of the century. A compromise of the type being considered by Congress would permit a fall to 10 per cent, but if nothing was done, unemployment would still be stuck at 14 per cent by 2000.

The minister said preliminary figures suggested growth in the second quarter had kept pace with the first quarter's 8 per cent rate. Investment was up some 28-29 per cent and exports 14 per cent.

An Argentine appeals court has overturned bribery charges and arrest warrants issued in May against former executives of state-owned Banco Nación and IBM Argentina, Ken Warn reports from Buenos Aires.

The decision was a setback for the investigating judge, who alleged that IBM Argentina agreed to pay a \$37m bribe to secure a \$249m contract to computerise the bank's branches in 1994.

AMERICAS NEWS DIGEST

EPA defends pollution move

Ms Carol Browner, head of the Environmental Protection Agency, insisted yesterday that tough new air pollution standards were compatible with economic growth, and laid out a flexible plan for implementing them.

"Environmental protection and economic progress do go hand in hand," she said, while defending new standards on ozone and soot that she signed into effect this week as "the most significant step in a generation" to combat pollution. No new controls on ozone levels would be imposed at local level until 2004, while the new standards for particulate matter, or soot, would not be enforced at local level until 2005, or possibly 2008, she said.

The hurdle faced by individual counties would be eased by tackling air pollution through regional plans, and through trading systems under which plants whose emissions are well below the permitted level can sell "pollution credits" to units which find cleaning up more difficult. Companies that could not find any cost-effective way to limit pollution could pay into a clean-air investment fund, administered at state level, which might spend the money elsewhere.

Bruce Clark, Washington

PERU SCANDAL

Two ministers resign

Two high-profile resignations have hit the Peruvian government in the fall-out from last weekend's telephone tapping scandal and the withdrawal of the nationality of a prominent television channel shareholder. Mr Francisco Tudela, Peru's foreign relations minister since mid-1995 and a specialist on Peru-Ecuador relations, has resigned his cabinet post, as has General Tomas Castillo Meza, the defence minister. The interior minister, General Cesar Saucedo, is moving to the defence portfolio. Other changes are widely rumoured.

Mr Tudela leaves at a critical moment. Peru and Ecuador are meeting in Brasilia in preliminary talks over the "impasse" to a lasting border settlement. The appointment of Mr Eduardo Ferrero Costa as his successor is clearly an attempt to lessen the blow: he has been a key member of the negotiating commission since November.

Sally Bowen, Lima

BRAZIL PUBLIC SPENDING

Stabilisation fund extended

The Brazilian government has won another important victory in its fight to keep public spending under control after the lower house of Congress approved a two-year extension to the Fiscal Stabilisation Fund (FEF). This allows the federal government to keep control of about 20 per cent of its receipts which under the constitution are supposed to be passed to state and municipal governments automatically.

Members of the lower house, who last week approved an important civil service reform bill, voted 359-51 in favour of the FEF bill. Before the fund becomes law it must be approved again in the lower house and twice in the Senate.

The government argues that FEF, first introduced in 1994 as an emergency measure, is a vital instrument in controlling public spending while it attempts to push through deeper fiscal reforms.

Geoff Dyer, São Paulo

■ The Venezuelan government has postponed its proposed petrol price increase until July 31.

US growth poses budget problems

By Gerard Baker in Washington

The prolonged US economic expansion has all but eliminated the federal budget deficit, complicating the efforts of the Clinton administration and the Republican-controlled Congress to reach an early budget agreement, according to figures published yesterday.

The Congressional Budget Office reported that, based on its calculations of government revenues and spending up to the end of June, the deficit in the first nine months of the current fiscal year had fallen to just \$11bn, down from \$74bn in the same period last year.

The sharp decline in

Construction starts on new US homes and apartments rose modestly in June, the Commerce Department said yesterday, as building began to show signs of levelling off from a fast pace earlier this year. Reuter reports from Washington. Total starts rose by 4.3 per cent to a seasonally adjusted annual rate of 1.45m in June. That followed

a revised 6.6 per cent drop in May to 1.39m, which was previously reported as a 4.3 per cent fall. Last month's building rate was down 2.4 per cent from June 1996. "Overall, the housing market appears stable and healthy," said Mr Kent Colton, executive vice president of the National Association of Home Builders, the builders' lobby group.

News of the deficit's near-demise comes at an awkward time for President Bill Clinton and congressional leaders. The two sides are currently locked in final negotiations to approve measures aimed at balancing the federal budget by 2002. The plans include a range of spending and tax cuts, all of which were based on earlier estimates that the budget deficit would be much higher in this and subsequent years without remedial action.

In February, when Mr Clinton announced his proposals, the Congressional Budget Office estimated the

deficit would be \$120bn this year, rising to \$190bn in 2002 on unchanged policies. Those figures now seem much too high.

The risk for the budget talks is that the unexpectedly fast growth in revenues may be seen by the public to have invalidated the whole budget-balancing exercise. In an effort to avoid public criticism, the White House took the unusual step earlier this week of delaying its regular, mid-session estimates of the US fiscal position. Officials were said to be concerned the good news on the deficit would undermine the talks.

Some Republicans have said the rapidly falling deficit should be used to cut taxes even further.

NEWS: INTERNATIONAL

US urges UN seats for developing countries

By Michael Littlejohns
at the UN in New York

The US yesterday attempted to break the deadlock over reforming the UN Security Council by proposing that seats should be reserved for developing countries.

The plan would double the number of permanent members by giving one seat each to Africa, Asia and Latin America, as well as permanent membership to Germany and Japan.

The proposal follows separate sweeping reform proposals for the UN unveiled on Wednesday by Mr Kofi

Annan, secretary general. Mr Bill Richardson, the US delegate, disclosed the American policy shift to delegates discussing expansion of the Security Council, the only UN enforcement body which can adopt resolutions binding on all members.

While there is consensus that the council should expand, there has been no agreement on how to do it. An immediate reaction was that the US plan would be insufficient to move the process towards early agreement.

The most the diplomats expect to agree on before the

end of the year is the need for expansion if the council is to reflect adequately the UN's greatly changed face from 52 years ago. Then there were 51 members; today there are 185, including such tiny countries as Monaco, San Marino and Liechtenstein. The Security Council has 15 members, 10 of which are elected for two-year terms, and five permanent members - the US, Britain, France, Russia and China.

Under the US plan, the developing regions themselves will choose candidates and decide whether they

should serve permanently or have "semi-permanent" status through rotation. A Latin American delegate said elections for four years was a possibility if that would help a consensus on one of the UN's most vexed issues.

There is bitter rivalry among countries such as Brazil, Argentina and Mexico in Latin America; in the African group, among Egypt, Nigeria and South Africa; and in Asia among India, Pakistan and Indonesia.

Yesterday Mr Annan summoned the entire staff to a

meeting to explain his top-to-bottom reform proposals. "We should ask ourselves how we can do more with less without affecting quality and impact," he said.

Cuts in the secretariat would be achieved mainly by attrition and he made it clear he wanted to avoid "spilling blood". But the average employee's age of 49 was too high and it was "not healthy" that only 5 per cent were under 35.

Eliminating 1,000 posts, along with normal retirement, will cause further substantial reductions but critics of the UN in the US

Congress have not been placated. Responding to the reform proposals, Senator Rod Grams, chairman of the Senate foreign relations subcommittee that deals with the UN, called them "very underwhelming". He questioned whether Mr Annan - who is a personal friend - had yet done enough to ensure the UN would pay its arrears, which the UN estimates at \$1.3bn (\$776m).

"This package - a shuffling of the cards without producing a smaller deck - shows the secretary general can't do it alone," Mr Marc Thiesen, the

spokesman for senator Jesse Helms, the UN's arch critic, commented. "They're going to have to go a lot further than this." However the EU yesterday welcomed the shake-up, which it said aimed to put the UN on course to play "a fully effective, transparent, responsible and dependable role".

In Germany, Mr Klaus Kinkel, the foreign minister, said Mr Annan was sending a positive signal.

"We cannot allow the impetus that the secretary general has given to the reform with his report to be talked to death," he said.

EU tries to break Mideast deadlock

The European Union is trying to set up a meeting between Mr Yasser Arafat, the Palestinian leader, and Israel's foreign minister, Mr David Levy, in Brussels to discuss ending a Middle East peace deadlock, writes Reuters in Jerusalem.

Both have been invited to a meeting of the EU's 15 foreign ministers on July 22. "It could lead to a meeting provided there is progress," said a spokesman for EU Middle East envoy Miguel Moratinos.

Such a meeting would be the highest Israeli-PLO contact since Mr Arafat and Mr Levy met briefly at a Euro-Mediterranean conference in Malta in April in a handshake that was highly publicised but failed to achieve a breakthrough.

Israeli-PLO peace moves have been in crisis and the West Bank and Gaza rocked by unrest since March when Israel decided to build a new Jewish settlement in East Jerusalem.

Israel and Hizbollah guerrillas both violated a ceasefire with attacks this month, according to a five-nation monitoring group. The ceasefire understanding, which brought to an end 17 days of an Israeli blitz on Lebanon last year which killed 200 people, banned the targeting of civilians on both sides of the border.

The monitoring group - the US, France, Israel, Syria and Lebanon - said Israel violated the understanding when tank fire killed a Lebanese civilian in south Lebanon on July 12, "whether intentional or not", while an Israeli mortar attack on July 14 in which two civilians were killed was "a possibly unintentional violation".

The monitors said the firing of one Katyusha rocket by Hizbollah into northern Israel on July 15, "whatever the motivation was a violation of the understanding" while the wounding of a Lebanese civilian in guerrilla rocketing of Israel's occupation zone was an "unintentional violation".

Scandal undermines investors' confidence in Moi

Doubts about Kenya are as much to do with the Goldenberg affair as with recent demonstrations

President Daniel arap Moi is nothing if not a survivor, but as he braces for only the second multiparty elections of his administration, the 73-year-old Kenyan leader faces the toughest challenge of his 19-year rule.

Mounting domestic pressure, a rapidly growing economic squeeze by donors and the unwelcome resurgence of the multi-million-dollar scandals that have haunted his government are undermining his position on all sides.

All this at a time when the downfall of another seemingly invincible veteran African leader - President Mobutu Sese Seko of Zaire - must have Mr Moi looking nervously over his shoulder. Rarely has he looked so isolated, both at home and abroad.

When a history of modern Kenya is written much attention will be devoted to the role played by civic groups, opposition and church leaders in pressing Mr Moi to see through the democratic reforms he initiated so unwillingly in the early 1990s.

But while the hood shed by pro-reform demonstrators who have police clubs undeniably fuelled the anger of the donors, something simpler lies at the core of the foreign frustration that could well make change inescapable for Mr Moi in the weeks ahead: the notori-



A few dozen pro-Moi demonstrators take to streets in Nairobi yesterday

ous Goldenberg scandal, the scam that cost the country \$430m.

Were it not for the government's long-running failure to punish the individuals involved or recoup the funds lost in that financial scandal, Kenya might still be enjoying the indulgence of the International Monetary Fund and the all-important seal of approval that involves.

But the Fund's decision earlier this month to threaten to suspend its programme unless concrete action was taken on Golden-

berg provided already anxious bilateral donors with a convenient excuse to target Kenya. This may well end up as a milder version of the 1991 aid freeze that forced Mr Moi to allow multi-party elections.

Goldenberg was breathtaking in the levels of greed it exposed at the top. What began in 1991 as the crude falsification of export invoices, to benefit from government export incentive schemes, escalated over the next two years into a series of frauds estimated to have cost Kenya the equivalent to

10 per cent of the country's annual gross domestic product.

The irregularities drew in Central Bank of Kenya officials, Kenyan businessmen, senior politicians and ultimately two international banks.

The scams - which involved the payment of export incentives for fictitious exports of diamonds and gold by Goldenberg International, a Nairobi trading company - fuelled already excessive money supply and inflation, increased the government's domestic debt,

Aid to Kenya (\$m)

	1991	1992	1993	1994	1995
Bilateral, of which:					
Germany	32.2	18.8	18.4	25.2	25.5
Japan	54.5	88.0	55.1	26.7	52.3
Netherlands	197.9	128.7	141.7	125.9	139.4
Sweden	28.4	54.2	48.1	42.0	36.4
Britain	27.4	28.4	16.0	17.5	18.3
US	68.3	47.3	39.5	44.3	34.5
Total	608	520	427	401	456
Multilateral, of which:					
IDA	177	98.2	118.8	105.3	109.9
IMF	47.9	27.7	18.5	39.1	39.1
Total	224.9	125.9	137.3	144.4	149.0
Source: OECD					

and contributed to the devaluation of the Kenyan shilling by 47 per cent in 1993.

Notwithstanding the impact on the economy, court proceedings against Mr Kamlesh Patni, Goldenberg's owner, dragged on inconclusively for years following exposure of the affair. While Mr Patni tried to restore his battered credibility by being photographed feeding porridge to Nairobi street children, his lawyers wrangled expertly on his behalf.

Last month, to the surprise of few Kenyans, the case collapsed when two judges decided to dismiss the 90-odd charges against the accused. Although Mr Amos Wako, Kenya's attorney-general, has promised to file new charges, most Kenyans believe the establishment has too much to lose to allow the truth come out.

Ironically, the Goldenberg issue - or rather, IMF anger over the state's failure to tackle it - is now continuing to affect Kenya's economy as donor disapproval and the civil unrest tarnishes the country's reputation as one of Africa's most alluring emerging markets.

The investment most likely to be affected is the three-month treasury bill market, which until now has been experiencing a boom. Three-month bills, denominated in local currency, have attracted about \$400m in foreign investment since the market was opened up to foreigners about a year ago - not a lot by the standards of other emerging markets, but substantial in African terms.

Mr Christopher Hartland-Peel, Standard Bank London's sub-Saharan analyst, takes a resolutely bullish stance. Investors, he main-

tains, had been attracted by the stable currency and high yields. "Some investors have liquidated positions, but not to any significant degree. It seems the currency has weathered the storm for the time being. Obviously we are watching the situation," he said.

Nevertheless, the Kenyan shilling has lost 7 per cent to about 59 shillings to the dollar as a result of the violent crackdown on political protests. It reached a worst level of 61.50 to the dollar on Friday last week, prompting central bank intervention to bring it back to more respectable levels.

The stable currency had been a key factor in fuelling foreign investment in treasury bills. Mr Hartland-Peel said by Kenyan standards the investment had been substantial - no less than 40 per cent of the level of reserves of about \$1.1bn.

The acid test, however, is yet to come. If Mr Moi can meet the crisis by introducing the constitutional reforms that will pave the way to free and fair elections, Kenya may yet recover its status as one of Africa's leading investment opportunities.

If not, the shilling - and Mr Moi - may well be in for a rough ride.

**Michela Wong
Michael Holman
and Greta Steyn**

NEWS: WORLD TRADE

EU warns Asia on financial services deal

By Frances Williams
in Geneva

Senior trade diplomats negotiating a global pact on opening financial services markets to foreign competition yesterday expressed optimism over developments since the World Trade Organisation talks resumed in April.

But, at the same time, the European Union again warned that a successful outcome by the deadline of December 12 could be jeopardised by lack of movement by east Asian nations.

Mr Yoshio Okubo, the Japanese finance ministry official who chairs the WTO talks, said after a meeting of negotiators yesterday that he was encouraged by governments' evident commitment to reaching a deal.

Some 36 countries (including the 15 EU member states) have submitted new or revised offers to liberalise their banking, insurance and securities sectors. They comprise the Quad group - the

US, EU, Japan and Canada - as well as Australia, Bahrain, Hong Kong, Hungary, Norway, Slovakia, Switzerland and Turkey.

Venezuela is expected to present an offer as early as today, and 10 other countries say they hope to table proposals by mid-September, among them Israel, Poland, Egypt, Brazil, South Korea and New Zealand.

However, India and members of the Association of South East Asian Nations (Asean) are notable absent-

ees from this list. All four Quad members say the willingness of these countries to be more forthcoming in opening their financial services industry will be critical to reaching a deal.

The US, without which a WTO accord cannot succeed, walked away from an earlier accord in 1996 because it felt Asian and Latin American nations had not gone far enough in providing opportunities for foreign companies to open its own vast market to allcomers.

Mr Hans Friedrich Beseler, the EU's top trade negotiator, said yesterday that the talks were going "in the right direction". The decision by Washington to offer full non-discriminatory access to its current and future financial services market eliminated a big stumbling block.

But Mr Beseler said Malaysia's "indigenisation policy", which aims to reduce foreign shareholdings to a minority stake, was "exactly the opposite of what we are trying to

do" in the WTO talks. "This could be a serious problem if other countries follow suit, and there are signs that Malaysia is unfortunately not alone... that Indonesia and perhaps others may also be going in that direction," Mr Beseler said.

Senior US officials are planning to tour seven Asian countries next month - India, Japan, South Korea, Malaysia, Indonesia, Singapore and the Philippines - in a drive to secure better market-opening commitments.

The third concern of the Commission related to the benefits Boeing's civilian operations stood to gain from McDonnell Douglas's access to government spending on defence research and technology.

Here the Commission has agreed that Boeing should provide the Commission with regular reports of the projects for which it gets research and development assistance, indicating the nature of the project and the value of the contract.

There is still hope on both sides that the impasse can be broken before Wednesday. Although the Commission argues that time has run out for Boeing to offer suitable remedies, it told representatives from EU member states earlier this week that its opposition to the merger was a "draft" decision, and that it did not exclude the possibility of finding a solution over the next few days.

According to Brussels observers, this mollified member states - including Germany, the UK, Sweden and Finland - which do not want the merger to be banned.

This argument appears to have been taken on board by EU officials, although some said a sale should at least be attempted.

The third concern of the Commission related to the benefits Boeing's civilian operations stood to gain from McDonnell Douglas's access to government spending on defence research and technology.

Here the Commission has agreed that Boeing should provide the Commission with regular reports of the projects for which it gets research and development assistance, indicating the nature of the project and the value of the contract.

There is still hope on both sides that the impasse can be broken before Wednesday. Although the Commission argues that time has run out for Boeing to offer suitable remedies, it told representatives from EU member states earlier this week that its opposition to the merger was a "draft" decision, and that it did not exclude the possibility of finding a solution over the next few days.

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Brussels would have preferred an outright sale of Douglas Aircraft, but Boeing - backed by the US Federal Trade Commission - argued that the company was in decline and would not attract buyers.

McDonnell Douglas shares dipped on the New York Stock exchange yesterday on news of lower-than-expected second quarter earnings, writes Christopher Parkes in Los Angeles. While revenues rose in all divisions, to a total of \$3.9bn against \$3.3bn in 1996, operating profits slipped to \$320m from \$328m, for an aggregate decline of 6 per cent to \$41m for the first half. After-tax profits for the quarter were almost 4 per cent higher at \$195m, but down 2.5 per cent for the half at \$376m.

Earnings per share for the year so far rose to \$1.79 from \$1.76 as a result of last year's share repurchase plan. This reduced the number of shares outstanding by 4.5 per cent before it was suspended last December following the announcement of the plan to merge with Boeing. Earnings per share for the second quarter stood at 93 cents, up from 87 cents last time, but they failed to match forecasts of about 98 cents.

Military aircraft operations showed the strongest revenue gains, although operating profit fell slightly as a result of lower earnings from the F/A-18 fighter programme. Lower margins also depressed profits in missiles and space, while McDonnell's fading commercial aircraft arm reported operating income down again at \$14m from \$18m last year.

By mid-morning the group's stock price had fallen \$1.81 to \$74.06.

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Greater progress has been made on the two other critical competition concerns of the Commission, however.

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WORLD TRADE NEWS DIGEST

Big future for small cars

World production of small cars is about to boom, largely through Europeans opting to "downsize" to smaller cars rather than growth in developing markets, according to a study of vehicle production trends. Output of so-called "A" and "sub-B" segment cars, ranging in size from Fiat's tiny Polish-hull Cinquecento to vehicles like the Peugeot 106 and Ford Fiesta, will rise 36 per cent between last year and 2002 - three times the rate of car production growth overall - says the study by the Economist Intelligence Unit.

Total annual car output is forecast to rise by 12 per cent from 39.6m cars last year to 44.4m in 2002. Fiat is the largest producer in the two segments but will be overtaken by Toyota and its associate company Daihatsu by the start of next century, the study predicts.

The boom will still leave small cars accounting for only 5.9 per cent of total world car output by the year 2002, according to the forecast. Larger "C" sector cars typified by the Ford Escort - are predicted to continue dominating the market.

World Model Production Forecasts, 1997. EIU, 15 Regent St, London SW1 4LR. EL245/\$1,875
John Griffiths

BRAZILIAN IMPORTS

Offer to raise EU car quota

Brazil has offered to increase its quota for car imports from European Union countries from 9,700 cars a year to 14,000 cars from August in an attempt to avoid a clash at the World Trade Organisation.

Brazil set up its car quota system last year as a concession to car makers in Japan, South Korea and the EU, after introducing higher import tariffs for carmakers which did not have a manufacturing base in the country in 1995. The quota scheme allows manufacturers from the EU, Japan and South Korea to import 50,000 cars a year into Brazil at a reduced tariff.

But Brazil has subsequently come under increasing pressure to make further concessions. During a visit to Brazil earlier this year, Sir Leon Brittan, the EU's trade commissioner, threatened to call for a WTO investigation into Brazil's car policy if significant changes were not implemented. Japan and the US have also complained.

Geoff Dyer, São Paulo

AIR TRAVEL

Qantas seeks Chinese route

Qantas, the Australian airline, is seeking permission from Beijing for new air routes over south-west China which would significantly reduce flight times to Europe and allow increased payload.

The carrier has 14 passenger flights a week between Australia and the UK, via either Singapore or Bangkok, as well as services to Rome and Frankfurt. But traditional routings over the Bay of Bengal have become a bottleneck for Qantas and other carriers.

Analysts said Europe-bound airlines from Hong Kong, such as Cathay Pacific and British Airways, have enjoyed shorter journey times and increased cargo loads since China allowed a new short cut over Urumqi last year.

Reuters, Hong Kong

By Daniel Dumbrey
in Mexico City

Desc, one of Mexico's leading motor parts companies, is buying US-based manufacturing businesses and shipping them down to central Mexico. Its strategy takes advantage of the North American Free Trade Agreement (Nafta) and in large part realises the fears of the agreement's opponents.

The company this week announced the purchase of a majority stake in the transmission business of the Ohio-based Dana Corporation. If the sale is approved, operations will be wholly shifted to the central Mexican state of Querétaro within a year.

About 400 are employed by Dana's transmission division in three US states. Dana will convert at least one of the three plants to other activities.

This is the second time within a year that Desc has bought US-based assets with the intention of transferring facilities to Mexico. Other companies are likely to follow its lead.

"This should be the trend for the next 10 years for US-Mexico commercial relations, and Desc is one of the companies that will be leading it," according to Mr Shayne McGuire, an analyst at Deutsche Morgan Grenfell

in Mexico City.

"The company could easily increase debt by \$500m to \$800m to finance further acquisitions."

Desc, a conglomerate which also takes in chemical products and food, provides motor parts to the Big Three US carmakers. Last year, it racked up 11.9bn pesos (\$1.5bn) of sales, of which autoparts represented 4.4bn pesos.

The price of the Dana deal was not announced. However, under the terms agreed, the US company will sell its transmission business to Spicer, a Mexico-based business in which Desc holds the controlling 51 per cent and Dana itself 49 per cent.

Last year, Spicer acquired the transmission business of the Indiana-based Borg Warner company. The company's operations, which achieved annual sales of about \$100m, are being moved to Querétaro.

"We already produced transmissions for cars and for light trucks. Now, with the acquisition of Dana's transmission business we have completed our range," said Desc.

Dana said it was divesting its transmission business to concentrate on those divisions that produced \$500m of sales and had global operations.

Exclusive supply deals bedevil Brussels line on Boeing merger

By Emma Tucker in Brussels

The most serious sticking point between the European Commission and Boeing over its proposed merger with McDonnell Douglas remains the exclusive supply deals signed by Boeing with American, Delta and Continental Airlines.

With just days to go before the Commission reaches its final decision - expected to be a ban on the merger - negotiations to break the deadlock on this issue continued yesterday.

Brussels believes the supply deals - which last for 20 years - exclude rival aircraft maker Airbus Industrie from too large a swathe of the market. It is pressing Boeing to scrap them altogether.

But Boeing has been unwilling to concede, offering instead to reduce the length of the supply contracts, and to not sign any more for a given number of years.

Mr Karel Van Miert, the competition commissioner, has described the deals as "totally unacceptable" but some industry observers are surprised that they had become the final sticking point.

"These exclusive deals are not all that serious," said an industry expert. "If you have a faithful customer who has been buying Boeing aircraft

for years, they will continue to do so. British Airways does not officially have such an agreement, but it only ever buys Boeing."

Greater progress has been made on the two other critical competition concerns of the Commission, however.

First, Brussels may be prepared to accept an arrangement whereby Douglas Aircraft - the civilian operation of McDonnell Douglas - would be established as a separate legal entity within Boeing, with separate accounts and personnel.

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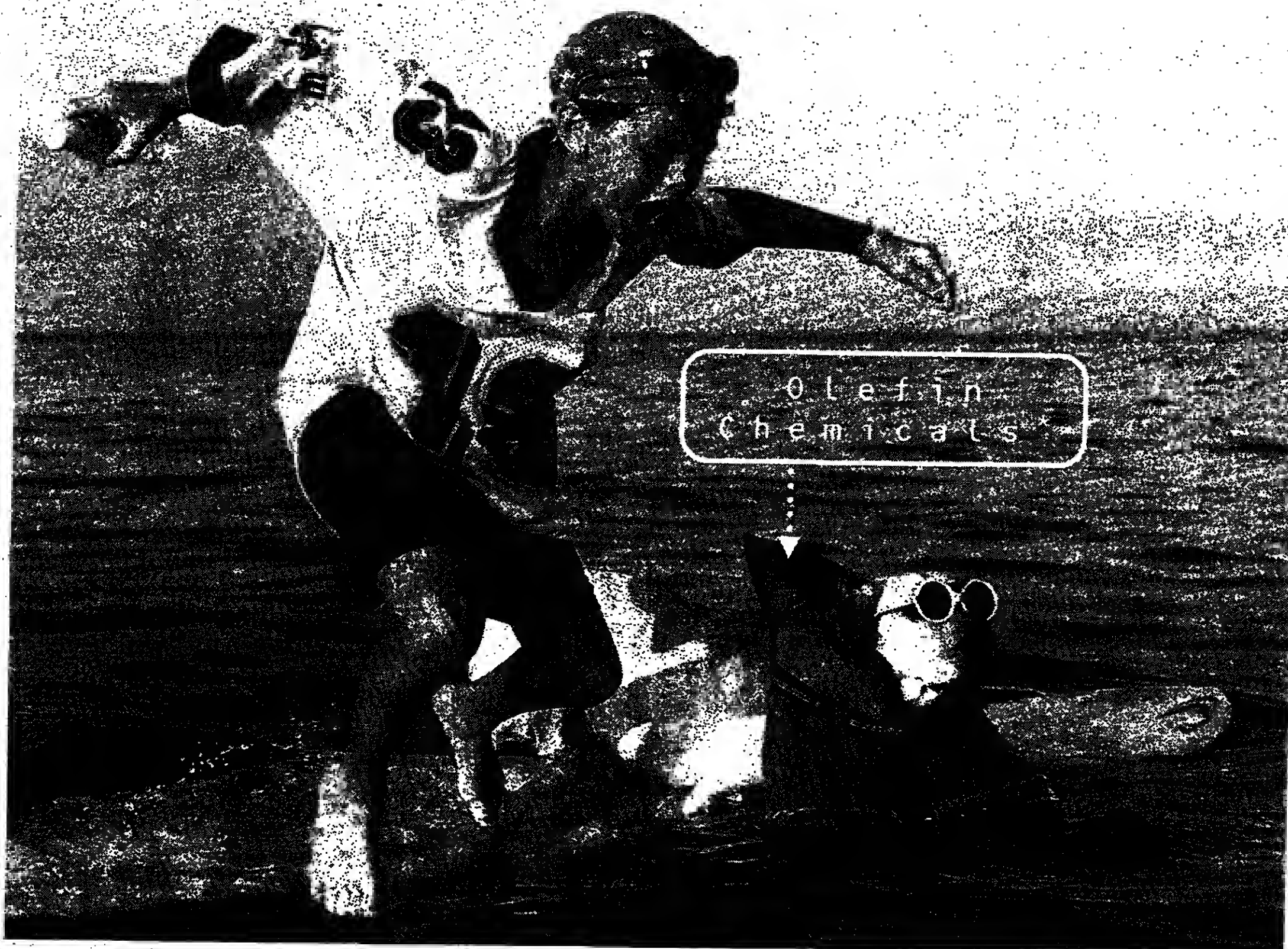
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* There are olefin chemicals in this lifevest

Mobility coupled with the capacity to take advantage of market opportunities quickly and flexibly – that's the way to succeed on global markets. Which is why Hüls AG is sending us into the market as an independent limited liability company from January 1, 1998. Clustering all major activities in the field of olefin chemicals into a single independent company with clear market focus is only one of the many measures to feature in the Global Fitness Program of Hüls AG which in future will take on the role of strategic holding company. This opens up whole new market opportunities, paving the way for us to reach our ambitious goal of becoming a leading supplier worldwide. Watch this space for the name under which we'll be starting out. **Olefin Chemicals Division of Hüls AG, Marl, Germany.**

hüls
Discover The Link To Life

World Bank urges China to privatise

By Tony Walker in Beijing

The World Bank has called for sweeping privatisation of China's debt-burdened state enterprises in a report which faults Beijing for a timid approach to its most intractable problem.

The bank, which avoids use of the word "privatisation" because of Chinese sensitivities, urges China "extensively to diversify ownership, allowing for passive minority shares" to overcome state-sector malaise.

"An emerging corporate governance vacuum, tax evasion, decapitalisation through wage increases, and private taking of assets and socialisation of liabilities impair performance and threaten the validity of the system," the unusually forthright report says. It coincides with preparations for China's leaders for their annual conclave at the Beidaihe resort, near Beijing, when state-sector reform will be high on the agenda.

The gathering is expected to endorse new policies facilitating sale of state companies to private investors, but Chinese leaders want to avoid criticism they are sanctioning a "sell-off" of state assets. Concern about unrest among laid-off workers is dragging on reform.

The report urges speedy completion of a new Contract Law to clarify ownership of enterprises as a vital step towards privatisation.

Arguments about ownership among state agencies are one of the main barriers to reform.

Where small and medium enterprises predominate, the bank urges Beijing to "completely withdraw". This would signal the government is "serious about embracing non-state competition to foster stronger business performance".

China's state sector includes 118,000 industrial enterprises, 7,000 controlled directly by the central government. They account for about one-third of production, but profits have fallen from 6 per cent to below 1 per cent of gross domestic product since the early 1990s. In 1995, 50 per cent of state-owned industrial companies incurred net losses, up from one-third two years ago, amounting to 1.3 per cent of GDP.

"Despite past progress, SOE [state-owned enterprise] reforms have not met the government's policy aspirations. By spilling over to the fiscal and financial sectors, they jeopardise other critical elements of the government's economic reforms," the study said. It criticised the new system of state-controlled holding companies, known as State Asset Operating Companies, meant to be the vanguard of China's "socialist market economy".

"China's Management of Enterprise Assets: The State as a Shareholder," World Bank, June 5, 1997.

Australia gold sale denials

By Bruce Jacques in Sydney

Two board members of Australia's Reserve Bank yesterday moved to end the controversy surrounding the bank's revelation earlier this month that it had sold more than two-thirds of its gold reserves.

Mr Hugh Morgan, a Reserve Bank board member and also managing director of Western Mining Corporation (WMC), the Australian metals group, denied he had used Reserve Bank information to benefit his company.

Critics had said Mr Morgan had a conflict of interest because WMC had increased forward gold sales at the time the Reserve Bank sales were taking place. The gold price fell to its lowest for 12 years on July 4 after the

announcement and shows no signs of recovering.

The allegations came to a head yesterday when Mr John Howard, prime minister, said he would inquire into the Reserve Bank board's handling of the gold sales. That followed an outcry over the sell-down by the Australian gold industry, which has blamed the Reserve Bank for the recent weakness in the gold price and claimed many mines could become unviable.

The Reserve Bank governor, Mr Ian MacFarlane, said yesterday Mr Morgan had fulfilled his obligations. He said the Reserve Bank board would be unworkable if members had to absent themselves from all discussions with potential for conflict of interest.

Singapore allows currency to slip

By James Kynge in Kuala Lumpur

Singapore's *de facto* central bank yesterday allowed a significant depreciation in the country's currency following recent devaluations in other south-east Asian nations.

The Singapore dollar lost 0.6 per cent of its value against the US dollar, falling to its lowest level since February 1995.

The US dollar was worth S\$1.4595 late yesterday compared to S\$1.4485 early in the Asian day. Late on Wednesday the US dollar was at S\$1.4457.

Currency dealers said that, unlike the recent devaluations of the Thai baht and Philippine peso, the Singapore dollar's slide did not represent a victory for speculators over the intervention of a central bank.

The Monetary Authority of Singapore (MAS) has intervened over the past few weeks to keep the local dollar stable but it did not enter the market yesterday.

Treasury economists said that while it had been possible for speculators to dictate the direction of other south-east Asian currencies, the Singapore dollar was regarded as a separate case.

The supply of Singapore dollars is tightly restricted and the fire-power of MAS, which at the end of April had foreign currency reserves of S\$114.3bn (US\$79.5bn), is such that speculators generally refrain from attacking the Singapore currency.

MAS's decision to allow yesterday's weakening was driven by the need to shore up the island's export competitiveness.

This was crucial, economists said, as other south-east Asian manufacturers have benefited from the depreciation of their currencies. Singapore's export-oriented manufacturing sector accounted for 24 per cent of gross domestic product, last year.

The local dollar's softening represents a departure from a long-standing MAS policy of guiding the unit gradually higher as a means to control imported inflation. Some 70 per cent of all goods traded in Singapore are imported but inflation has historically been low.

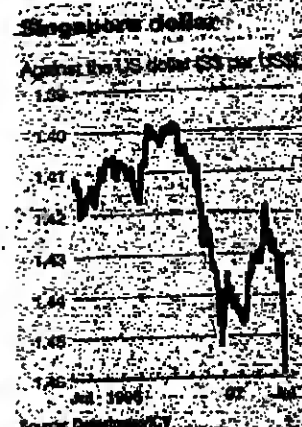
Economists said that the decision to choose enhanced export competitiveness in preference to, say, the control of imported inflation, revealed a shift in Singapore's policy priorities. The

city-state has in recent months become concerned about competition from manufacturers in Malaysia and Thailand. It set up a high-level committee charged with making recommendations on how to remain competitive despite rising wages, land rentals and other expenses, which make the island a relatively expensive base.

The Bank of Japan yesterday denied receiving any official request from the Bank of Thailand to help Thailand overcome its currency crisis, which led to the forced devaluation of the baht two weeks ago. Gillian

Tett writes from Tokyo.

The comment, which followed a meeting between the central bank governors of the two countries in Tokyo, damped speculation that any package of support would emerge in the near future.



Tett writes from Tokyo.

Hun Sen faces an uphill slog in fight for hearts and minds

Worries also exist over the economy, writes William Barnes

"We must always love the man who has the guns, [but] people are sick of it," said a villager after listening to Cambodia's strongman Hun Sen shout about his country's glorious future just days after violently ousting his political rivals.

Mr Hun Sen may have the guns, the cash and well-connected friends, but he has yet to win a deeply weary Cambodian people to his side.

That much is apparent to foreign ministers of the Association of South-east Asian Nations (Asean), who are trying to resolve Cambodia's troubles following Mr Hun Sen's coup 12 days ago.

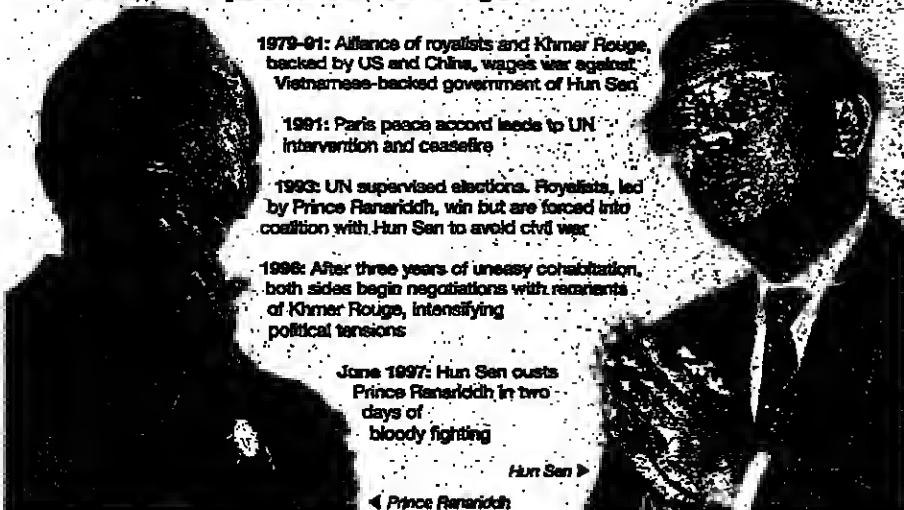
They will follow up yesterday's meeting with Cambodia's King Norodom Sihanouk in Beijing by holding talks with the ousted first prime minister, Prince Norodom Ranariddh, in Bangkok today, and with the second prime minister, Mr Hun Sen, in Phnom Penh tomorrow.

Mr Hun Sen's alliance with Prince Ranariddh, contrived after UN-supervised elections in 1993, was never easy. They co-habited but seldom co-ruled. The prince was shattered 12 days ago, when Mr Hun Sen grabbed power, in a shoot-out in the capital, forcing the prince into the political wilderness.

Whether he remains there or is brought back into the Cambodian fold is a question for the international community, and chiefly Asean, which spent much time and resources cobbling together a semblance of normality in Cambodia.

At that score, Mr Hun Sen is clearly winning; he has swiftly consolidated political power in Phnom Penh. This week, he appointed Mr Ung Huot, foreign minister and a

Cambodia: to peace and back again



1979-91: Alliance of royalists and Khmer Rouge, backed by US and China, wages war against Vietnamese-backed government of Hun Sen

1991: Paris peace accord leads to UN intervention and ceasefire

1993: UN supervised elections. Royalists, led by Prince Ranariddh, win but are forced into coalition with Hun Sen to avoid civil war

1996: After three years of uneasy cohabitation, both sides begin negotiations with remnants of Khmer Rouge, intensifying political tensions

June 1997: Hun Sen ousts Prince Ranariddh in two days of bloody fighting

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NZ defection stirs up poll reform questions

By Terry Hall in Wellington

An elderly Maori politician's decision to become an independent MP has created a serious challenge for New Zealand's new proportional voting system.

Mr David Lange, the former Labour prime minister, and other opponents of the German-style PR system, say Ms Alamein Kopu's decision to resign as a "list" MP from the governing Alliance Party and become an independent is nonsensical, and New Zealand should revert to the "first-past-the-post" system.

Ms Kopu polled poorly when she stood for a constituency seat last November's general election. But under the new system she entered parliament because of her

high position on the Alliance's "list" which allows extra MPs based on the proportion of votes cast for each party.

Constitutional lawyers yesterday said that MPs elected in a constituency seat could change sides if they wished - but list MPs should resign in favour of fellow party supporters if they defected from their original party.

Her move was widely welcomed by Maori members of the governing NZ First-National government. Ms Kopu - who was apparently wooed by NZ First - is now expected to give the government valuable support, bolstering its one-seat majority.

Ms Kopu, who was unemployed for 10 years and prefers to speak only in Maori,

was a controversial choice. But the Alliance put her ahead of better known candidates on their list, saying she could speak for New Zealand's "have-nots".

However, she found parliamentary life stressful and has only turned up in Parliament for 14 days since the election. This earned her a public rebuke from Mr Jim Anderton, Alliance party leader.

Despite signing two pledges of loyalty to the Alliance - which intimated she would resign rather than join another party or become an independent - Ms Kopu announced yesterday that she was leaving because of dissatisfaction with the party leadership and her inability to give voice to Maori aspirations.

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N Korea to let Japanese wives visit home

By Gwen Robinson in Tokyo

North Korea yesterday announced that Japanese women married to North Koreans will be permitted, for the first time, to visit their families in Japan, in a surprise move that is expected to soften Japan's stance on providing food aid to the famine-stricken country.

The move came amid new controversy in Japan yesterday following the arrival of a North Korean vessel carrying about 1,080 tonnes of feed corn in the northern Japanese port city of Aomori.

Critics yesterday asked why North Korea would export corn in the midst of

its famine, and questioned whether some of the international emergency food aid was ending up as commercial cargo.

Confusion deepened when the spokesman for an association of North Korean residents in Japan, Mr So Chung On, announced the corn was Chinese in origin and had simply been trans-shipped to Japan via North Korea. The vessel is operated by Mr So's group. "It's an obvious act for North Korea to engage in trade activity as a way to secure foreign currency," he told news agencies.

The Chinese embassy in Japan would not comment on whether the corn originated in China, fuelling further doubts about the shipment. Japanese media said the cargo, worth more than \$110,000, was imported jointly by a Japanese poultry farm and a trading company, and was the first such import since 1993.

Japanese customs officials said the corn arrived in bulk form, with no markings on containers to show its origin. Mr Kaoru Yosano, deputy chief cabinet secretary, could only say yesterday the government was "still investigating the matter".

Meanwhile, Japanese government officials tentatively welcomed North Korea's decision to let Japanese wives visit their families in Japan. But they said North

Korea should allow the visits as soon as possible. The question of food aid, meanwhile, was clearly a source of discomfort amid a flood of media reports about the mystery corn shipment.

Throughout North Korea's recent food crisis, Tokyo has insisted that return of the wives is a precondition for food aid to North Korea.

Tokyo has so far resisted pressure from the US, South Korea and other donor countries, which have already shipped several hundred thousand tons of wheat, rice and other staple foods to North Korea. However that is still short of the 800,000 tonnes that United Nations agencies say North Korea

needs before the October harvest.

The government estimates there are about 1,800 Japanese women who went to North Korea between 1959 and 1982 together with their Korean husbands. Since then, ties between the two countries have rapidly deteriorated, and most of the women's relatives say they have not heard from them. Efforts by both Japanese officials and relatives to gain information about the women's whereabouts and condition have been unsuccessful.

The lifting of the ban has cleared the air for unofficial talks scheduled between Japanese and North Korean officials in Beijing tomorrow.

"The best career move I ever made was going to IMD"



Kevin Wagner
President and CEO,
ABB Drives-Bus Transportation
Alliance of Managing Corporate Resources, 1993

Mr Wagner is one of the many highly successful international executives whose careers have been enhanced by taking part in an IMD program. The program he attended, Managing Corporate Resources, is an intensive, four-week general management program for experienced businessunit or country managers that will help maximize your contribution to your company's performance.

Managing Corporate Resources, or MCR, is one of IMD's career development programs that are carefully designed to provide a relevant learning experience for managers at different stages of their careers. If you want to strengthen your leadership potential and give your company a competitive edge, you should carefully consider attending one of the general management programs listed below.

Seminar for Senior Executives
Refining the senior manager's agenda
Starting dates: October 20, 1997 or June 1, 1998
Managing Corporate Resources
Sharpening experienced businessunit or country managers
Starting dates: September 8, 1997 or May 11, 1998

Programs for Executive Development
Preparing middle managers for broader responsibilities
Starting dates: August 18, 1997 or February 2, 1998
Building on Talent
Developing young managers with high potential
Starting dates: November 16, 1997 or August 2, 1998



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output to fluctuating market demand. High-reliability AlphaServer systems at the **New York Mercantile Exchange** deliver instantaneous trading information, shrugging off disasters that might bring lesser systems to their knees. And AlphaServer systems deliver their world-class results running Windows NT™ or UNIX® or OpenVMS.™ If that kind of overachieving sounds good to you—wherever in this world you do business—visit us at www.ads.digital.com/world or e-mail us at moreinfo@digital.com. And make the DIGITAL edge your own.

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A13B

yes visit here

Figures add to Bank concern that consumer spending spree will overheat the economy

Plastic card spending hits record \$13bn

By George Graham,
Banking Correspondent

UK consumers spent a record \$13.6bn (£13.6bn) on their credit and debit cards last month, and card spending now seems set to top \$100bn for the first time this year.

Plastic card spending totalled \$46bn in the first six months of this year, with the peak Christmas shopping season still ahead, card companies are confident they will more than double that figure for the whole year.

The Credit Card Research Group, a payment card industry association, said credit card spending in

June totalled \$4.6bn, bringing spending for the first six months of this year to \$26.6bn - up 15 per cent from a year earlier.

But the biggest jump came in the use of debit cards such as Switch or Visa Electron, which draw money directly from a bank account rather than rolling up payments into a monthly bill.

Debit card spending reached \$3.6bn in June. That took the first half total to \$20.4bn, up 23 per cent in a year and twice the level of three years ago.

The card spree will fuel concern at the Bank of England, the UK central bank, that a consumer

boom could cause the economy to overheat.

But banks say that for the most part consumers are simply using their cards as a more convenient method of payment than cheques or cash, and are showing few signs of piling on debts that they will be unable to repay.

"Roughly half of our customers pay off their bills in full each month, so that is not really debt. It's a deferred payment," said Mr Nick Cobban of Barclays, whose Barclaycard division controls an estimated 28 per cent of the UK credit card market.

There is no indication that UK

card issuers are facing the same problems as their US colleagues, who have had to write off billions of dollars of bad debts over the past year as more than 1m people declared bankruptcy.

Mr Peter Welch, economic adviser to the CERG, said the success of debit cards was the most remarkable feature. "Only 10 years after their launch they account for almost one-fifth of retail spending," he said.

But the rate of growth for debit card payments appears to be slowing down, as loyalty bonuses make some credit cards a more attractive way of paying.

"People are switching expenditure and saying why not put the grocery bill on the credit card, too," said Mr Martin Rutland of HFC Bank, which runs British Gas's cashless credit card.

But UK consumers are ignoring the steep interest rates charged on credit card balances and are currently borrowing \$16.6bn on their credit cards, a third more than two years ago.

Many banks expect their customers to reduce their card balances, using windfall gains on free shares received when their building mutual savings societies floated on the stock market.

UK NEWS DIGEST

State health service warning

The mounting financial problems of the state health service are a matter for considerable concern, Sir John Bourn, the comptroller and auditor general, the government spending watchdog, said yesterday. Sir John also said he was worried about the growing bill for negligence cases against the National Health Service. By the end of the third quarter of last financial year, the number of NHS trusts in financial difficulties had jumped to 168 compared to 95 at the end of the previous April. Forty-seven of the 433 trusts were judged to be in serious difficulties, against 26 nine months earlier.

In the case of 23 of the 47, their main purchaser was also facing financial difficulties, Sir John said. "Thirty-six out of 100 health authorities in England were forecasting deficits to exceed £1m (£1.67m) a significant increase on the 15 reported to be in a similar position at the end of 1995-96."

The service faces a rising bill for medical negligence which is running at approximately £200m a year in cash terms. The cost of claims, however, is forecast to rocket by nearly 25 per cent a year over the next five years.

Nicholas Timmins

UNIT TRUSTS

Sovereign fined over mispricing

The Investment Management Regulatory Organisation yesterday fined Sovereign Unit Trust Managers Limited £25,000 (\$37,750), one of the biggest fines imposed by the regulator. The fund manager, owned by Teachers Assurance Group, was disciplined for mispricing its eight unit trusts and charging fees to three of the unit trusts which it should have paid itself. Sovereign last year paid its 40,000 investors, mainly teachers, £1.4m compensation for these errors. At least some of this money has already been recouped by Sovereign from other firms. "We accept responsibility, we made mistakes and we have paid for them. But we have been generously compensated by some third parties," said Mr Richard Haynes, an assistant general manager at Sovereign.

It is believed these third parties may include NatWest Bank, the trustee of the funds at the time. NatWest refused to comment on whether or not it had paid money to Sovereign.

Jean Eaglesham

PASSPORTS

Siemens wins 'digital' contracts

Contracts worth around £30m (\$34.1m) over 10 years for a digitised passport production system were awarded yesterday under the government's Public Private Partnership guidelines. All new passports will contain a digitised picture and holder's signature to help prevent forgery. The system will put the UK at the forefront of passport technology, with potential for attracting overseas contracts.

Siemens Business Services, which was in the final bidding with EDS, will collect and transmit the data needed for the passports under one of two contracts awarded by the UK Passport Agency. The printing contract went to the recently privatised Stationery Office.

Alan Pike

MILLENNIUM PROJECTS

Minister pressed on funds switch

Mr Chris Smith, culture secretary, yesterday faced pleas to save a number of millennium projects outside London which face the axe because of the government's plan to switch £1bn (£1.67bn) of funds from the National Lottery to health and education projects. Big projects like an arts centre to Cardiff Bay, south Wales; a science centre in Glasgow, Scotland; and an inner city regeneration project in Sheffield, northern England, are among those which could be scrapped. Mr Smith will publish a paper next Monday, confirming the government's manifesto pledge to divert the money over the next four years. The switch will draw money away from the five existing good causes - millennium projects, sport, the arts, charities and heritage - which are all set to lose £200m.

George Parker

FOREIGN INCOME DIVIDENDS

Government considers tax reforms

The government is examining proposals to widen the range of companies that could continue to pay foreign income dividends after their planned abolition in 1999. Treasury officials are also looking at longer term reform of the advance corporation tax system, which would lessen the costs of P1ds' removal for companies with a high proportion of foreign earnings. The review was prompted by warnings from some leading companies that the changes might force them to move their base overseas. The main short-term reform the government is considering is to extend the category of "international headquarters companies" that will continue to be able to pay dividends out of foreign income after 1999.

David Wighton

LIBEL

\$750,000 damages in e-mail case

Norwich Union, the life assurance group, yesterday made a court apology and paid damages of \$450,000 (\$751,500) after admitting that its staff had used its internal computer e-mail system to libel a rival company, Norwich Union and Norwich Union Healthcare, its private medical insurance subsidiary, said they "deeply regretted" spreading rumours about Western Provident Association being in financial trouble. The case is believed to be the first successful libel action brought over e-mail messages sent on a company system rather than an individual system.

In 1995, rumours were circulating about Western Provident's well-being. The rumours were "disseminated" by Norwich Union staff on its internal e-mail system "with the result they could be used to the detriment of Western Provident, in order to obtain new business," said Mr David Engel, for Western Provident.

John Mason

Aircraft order for Indonesia will not be blocked

By Robert Peston, David
Buchan and George Parker

The government is expected to allow British Aerospace to complete the contentious sale of 16 Hawk fighter aircraft to Indonesia, following advice that there are "formidable obstacles" in the way of revoking the contract.

Ministers said yesterday that the £160m (\$267m) contract would not be blocked, in spite of persistent allegations that Indonesia was using jets it had acquired earlier against opponents of the regime in occupied East Timor.

"There is no evidence that the aircraft is being used in East Timor," a senior government member insisted. "Our intelligence on that is very clear."

A minister also said that the decision should not be seen as a sign that new applications for export licences of a similar sort would be approved.

But a decision to allow the sale will come as a great relief to the British arms industry, which has been concerned that the adoption by Mr Robin Cook, the foreign secretary, of an "ethical" foreign policy would have damaging commercial



Robin Cook said he was aiming for "modest advances" and support from partners, especially in Europe, would be needed

The decision to allow the sale of 16 Hawks will come as a great relief to the arms industry

implications. Human rights lobby groups are expected to be furious. The Foreign Office is expected in the next two weeks to publish the results of a review of criteria governing the licensing of military equipment exports.

Mr Cook yesterday outlined a 12-point plan

designed to put human rights at the heart of foreign policy.

On arms sales, he said the UK would "refuse to supply the equipment and weapons with which regimes deny the demands of their peoples for human rights."

He said the new guidelines would "result in changes to the present policy governing the licensing of riot control vehicles, small arms and other equipment."

This is expected to lead to a tightening of the conditions imposed on the sale of armoured vehicles to Indonesia.

Alvis is half way through a £150m order to supply 100 Saracen light tanks to Indonesia, a deal criticised by human rights organisations

but defended vigorously by the company.

"There is no evidence it has been used for the purpose of repression," said Mr Nick Prest, company chairman. He said hundreds of jobs at the company's Coventry plant could be in jeopardy.

The Campaign Against the Arms Trade, a pressure group, welcomed Mr Cook's promises to crack down on the sale of riot control vehicles, but said it was concerned he did not refer to Labour's

manifesto commitment to stop sales of weapons which might be used for the purposes of "international aggression".

Meanwhile, Mr Cook, speaking to an invited audience, said he fully realised

that human rights issues were complex and cut across trade and development issues.

He was aiming to achieve "modest advances" and that the support of UK partners, especially in Europe, would be needed. A stern warning was delivered to Nigeria that unless it radically improved its human rights record, the UK would press for its continued suspension from the Commonwealth.

Mr Cook also announced UK support for a permanent international criminal court and a £300,000 donation for the construction of a second courtroom at the Bosnia war crimes tribunal in the Hague.

Editorial Comment, Page 23

Farming reforms sow seeds of doubt

Changes to CAP have raised misgivings, write Maggie Urry and Ralph Atkins

Reform of the European Common Agricultural Policy, which has been a looming but indistinct spectre for some years, has at last taken a definite shape with this week's publication of the Agenda 2000 proposals by the European Commission.

Like it or not, farmers, consumers and environmentalists have detailed plans to examine, question or lobby about.

Reactions from most groups in the UK are that the reforms are "a step in the right direction". But there are serious misgivings.

UK farmers fear falling incomes and that limits on aid to individual farms will hit them harder than farmers in other states. Consumer groups say food prices will fall by little and not for years. Environmentalists complain that proposals to increase conservation spending are vague.

All worry that the reforms will be watered down during wrangling in Brussels, which is likely to last for years. That process has already started. For instance, Mr Jochen Borchert, the German federal agriculture min-

ister, said the reforms, which could cut German farmers' incomes by 15 to 20 per cent, were not necessary. The commission's proposals aim to cut the aid farmers receive through the intervention system, where the EU sets a floor price at which it buys surplus production, and phase out methods of limiting production, such as set-aside, where land is taken out of production, and quotas.

In return farmers would receive direct aid payments, while some spending would also be diverted to agri-environment schemes and rural development policies.

Mr Ian Gardiner, policy

director of the National Farmers' Union, welcomed the thrust of the proposals. He said farm incomes would fall sharply from current levels as a result of the changes, with cereals farmers losing £330m in total, beef farmers £290m and dairy farmers £20m.

But, he said, that was not a fair comparison. Farm profits were destined to fall anyway, as the EU would have been forced to restrict production to meet world trade commitments. By 2005, the Commission had estimated, set-aside would have had to exceed 20 per cent.

Under the reform package it will be cut from its

present 5 per cent to nil.

Farmers will gain in the longer term by being free to grow what the market wanted and to export their production, he said.

"Nevertheless, we have very, very substantial reservations" about the package, Mr Gardiner said. The first is the proposal to put a limit on the amount of aid an individual farm could receive, "modulation" in Euro-jargon.

The commission gave scant details of how this would work. But, said Mr Gardiner, such a limit would "be bad for British agriculture and bad in principle".

Average UK farms are

larger than those in other EU countries. "The aim of the reform is to make European agriculture more competitive, so why penalise the more efficient farmers?" he asked.

Another of the farmers' concerns is that many decisions on rural development spending will be left to "the initiative of member states". Mr Gardiner argued their scepticism came from the previous UK government not participating in voluntary measures to the same extent as others in the EU.

Ms Ruth Evans, director of the National Consumer Council, said the CAP costs an average family £20 a week in taxes and artificially high prices and the new system could be "as wasteful and expensive".

Mr Stephen Crampton, at Consumers to Europe, said subsidy cuts would "do no more than cut the price of a 250g pack of butter by 5p by 2005".

The Royal Society for the Protection of Birds said the proposals would not promote better rural environment management and that "wildlife will be devastated by the abolition of set-aside".

EU-wide BSE controls loom closer

UK import controls on beef from other European Union countries came a step closer yesterday when EU veterinary experts failed to adopt tougher controls on the spread of "mad cow" disease, Neil Buckley writes.

Mr Jack Cunningham, UK agriculture secretary, has given other EU states until next Tuesday to agree to bring meat safety standards up to those in the UK, or face restrictions on meat imports to the UK.

Only seven out of 15 EU states' vets voted

to adopt the controls - which would exclude parts of cattle with a risk of BSE from the food chain. The issue will go before an EU farm ministers' meeting on Tuesday. However, it only needs one EU state to change sides to create a majority.

Beef sales to the UK have risen above pre-BSE crisis levels for the first time since the mad cow disease scare began in March last year. June beef sales were 0.6 per cent higher than the same period of 1995 and 32 per cent higher than to June 1996.

Disaster of Sea Empress sinks pride of a maritime nation

Last year's oil spill was largely attributed to failures of pilots and emergency teams, says Charles Batchelor

A 161-page report into last year's Sea Empress tanker disaster - which spilled 72,000 tonnes of oil into the sea off Milford Haven in south Wales - confirms most of the fears expressed at the time about the authorities' ability to respond to such emergencies.

The scale of the catastrophe, which polluted fishing grounds and miles of unspoilt coastline in February, was attributed at various times to the Russian crew, the Chinese master of a standby tug and the vessel's Liberian registry.

The increasingly international nature of shipping has frequently been blamed for maritime accidents. But, as the report from the

Marine Accident Investigation Branch reveals, this was a disaster made in Britain - a nation which prides itself on its maritime traditions and expertise.

Comprehensive failures were unearthed in the training of pilots; knowledge of tidal flows at the harbour entrance; local emergency systems at one of the country's busiest oil terminals; and management of response teams.

Given the crucial role played by pilots in bringing big vessels through often narrow harbour entrances, the quality of their professionalism and training is thrown into serious doubt. The pilot on the Sea Empress failed to negotiate the ship through the deepest part of the approach

channel in part because of "inadequate training and experience in the piloting of large tankers", the report found.

In spite of the number of tankers regularly sailing in and out of the harbour entrance, there was a remarkable ignorance about local tidal flows. This was identified as "the most important factor in the escalation of the incident".

The government's failure to station a powerful tug in the Western Approaches, because there would not be enough work for it to do, was frequently criticised in the immediate aftermath of the disaster and the absence of a suitable local tug is highlighted in the report.



Grounded in ignorance: failures in training, knowledge and crisis management led to the pollution of miles of coastline

But the most worrying aspect of the incident is the failure of the local emergency plan and its national equivalent to deal with the disaster, in spite of frequent assurances from ministers that all was in hand.

Milford Haven port authority's own emergency plan was too narrowly-focused, while the national marine pollution control unit did not have enough staff to cope.

All these issues are expected to be covered by the review -

ordered by the government - to be carried out by Lord Donaldson. He conducted an earlier investigation into the sinking of the tanker Braer off the Shetlands in 1993.

Lord Donaldson made more

than 100 recommendations for safety improvements in his Braer report, published in May 1994. The findings of the Sea Empress inquiry suggest there is still a long way to go in achieving maritime safety.

RECRUITMENT

Richard Donkin finds little evidence of a collegiate approach at UK plc Tilting the corporate pay scales

Are the bosses of Britain's largest companies worth twice as much as anyone else on their boards? The question arises from a report published last week by Monks Partnership, the management pay advisers, which showed that chief executives and full-time chairmen of FT-SE 100 companies are earning almost double what their fellow board members receive.

Those with big differentials often have large shareholdings, and have long dominated the companies over which they preside - people such as Lord Hanson, chairman of the Hanson Group, and Sir Stanley Kalms, chairman of Dixons, the electrical goods retailer. But large pay packages, usually including attractive share schemes, have also been used to lure people into top jobs. Jan Leachley, chief executive of SmithKline Beecham, and George Simpson, chief executive of GEC, were both given the potential in their packages to earn far more than their fellow board members, although in Simpson's case the criteria for earning his bonus were toughened after protests by

institutional investors.

Monks found nine FT-SE 100 chief executives or full-time chairmen with earnings (including pension top-ups) of more than £1m (£1.7m) listed in annual reports.

There seems little evidence in the Monks report of a collegiate approach to running the UK's biggest businesses. Yet the role of coach to a talented team of directors is how many company heads describe their job, according to Amin Rajan, head of the Centre for Research in Employment and Technology in Europe. Rajan, who interviewed prominent business leaders for a report, says: "If they really think they are coaches there should be a narrowing of differentials, but I can find no evidence that this is happening."

There is evidence, however, of the emergence of two different classes of executive - those who are pro-

ficient at enhancing their job security, pay and career progress and those, often board members, whose jobs remain vulnerable.

These two types become most visible, perhaps, when their companies begin to discuss the prospect of a merger. "Those who think they are going to be vulnerable tend to be against the idea," said Rajan.

Rajan believes that de-layered internal structures are partly responsible for growing differentials. While he does not advocate a return to bureaucratic systems, he believes that the stakeholder model - which creates a community of shareholding employees - has a lot to offer if companies are to avoid potentially damaging divisions.

"But I think we are as far away from a stakeholder model as we have ever been," he says. The answer, he suggests, could be a further tightening of corporate

governance providing even greater transparency of reward packages.

One question that is rarely asked is whether too much emphasis is made of the need for strong leadership. Arie De Geus, in his book *The Living Company*, points to the Leeds Permanent Building Society which was run without a chief executive for 18 months.

The society was run during that time by its finance director, its commercial director and its information systems manager, working with a management committee and a chairman who came in two days a week.

Without a clear power centre, wrote De Geus, the society increased its profits in 1993 by 22 per cent.

He argues that "a company does not unconditionally need a single hand at the tiller".

Both business and society in general are perhaps too wedded to the concept of a

figurehead to be without one, but this should not create an overriding dependency and expectation on some kind of saviour figure. The adverse impact on shares in W.H. Smith, the stationery group, resulting from the recent departure of Bill Cockburn after just 18 months as chief executive, illustrates the damage that can occur when institutions place too great a faith in a single individual.

"The machine is too complicated, too sophisticated to be in the hands of one individual. It is extremely dangerous for business. Yet companies are remunerating it as if it is a beautiful thing," says De Geus.

Peak position

Anyone who believed the Bank of England was acting too hastily by increasing base lending rates so soon after the Budget should study the graph (right)

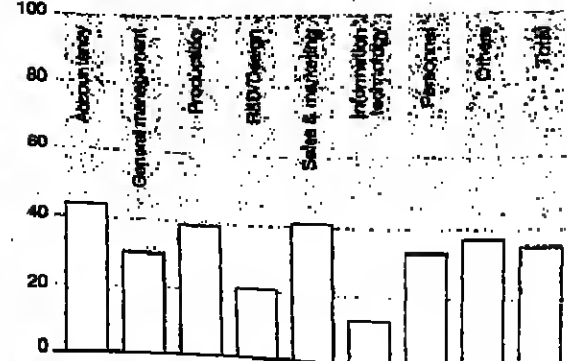
showing the MSL Index. The index, produced by MSL International, the recruitment consultancy, has tracked the peaks and troughs of advertised demand for executives in the UK since 1959.

The moving annual total - a rolling monthly total which irons out seasonal fluctuations - has proved a reliable indicator of economic performance.

The graph suggests that if the previous boom/bust cycle were to continue, the economy is nearing the point that it begins to overheat. The moving annual total has reached its highest position since 1989. Demand for senior executives during the second quarter of 1997 rose by 35 per cent on the same period in 1996. Advertised vacancies for accountancy and sales and marketing positions had the greatest growth over the quarter, increasing by 44 per cent and 41 per cent respectively.

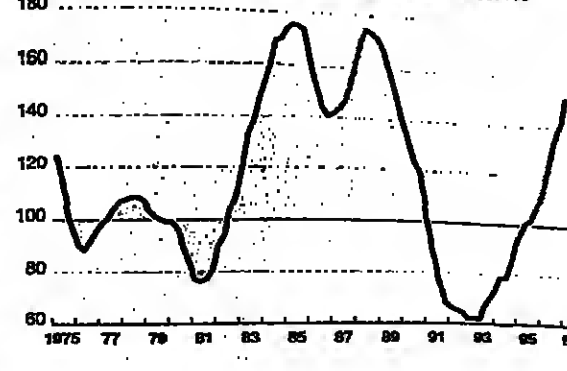
MSL recruitment index

Change Q2 '97 on Q2 '96
By job category (%)



MSL recruitment index (1959 = 100)

Moving annual total of quarterly advertised demand for executives



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The successful candidate will have a degree from a leading university, a minimum of seven years' experience in the financial institutions team of an investment bank, at least three in charge of acquisitions and international development in commercial investment banks, where he/she has acquired high level banking skills, executed several significant transactions and has demonstrated expertise in structuring operations with financial institutions. Ideally the candidate will also have experience in equity investments in private companies or in brokerage houses.

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LONDON

THE COMPANY: An investment bank operating in more than 55 countries, our client is the pre-eminent provider of financing and advisory services to high growth companies and those in rapidly changing industries. The finance group covering Emerging Europe, Middle East and Africa is a newly formed group, designed to further develop our client's financing activities and is consistent with the firm's global finance strategy to build a customer franchise.

THE ROLE: As part of this international group, you will report to the Head of Finance, EEMA, and will be responsible for the following:

- Preparing pitch books, offer letters, and term sheets
- Liaising with originators in determining appropriate products for customers
- Participating in due diligence and producing information memoranda
- Assisting in the execution of transactions
- Liaising with credit and underwriting.

THE PEOPLE: You should be ambitious with energy and have proven writing, communication and presentation skills. You should have experience in one of the following:

- Credit, syndicated loans, GRNs, private placements or high yield
- Building models, assessing cash flows and business plans.

You will:

- Have a minimum of 2 years' experience within investment banking (mergers analysis and targeting, corporate advisory, structured finance or lending)
- Be a graduate with an accountancy, business or legal background
- Have participated in one or more finance transactions
- Have experience of operating within EEMA region
- Be fluent in both English and a second language (ideally East or Central European).

If you have the qualities to succeed please send a full resumé in the strictest confidence, quoting reference no. FT3135 to:

Antal International, Shropshire House, 1 Copper Street,
London, WC1E 6JA. Telephone: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949,
or visit our web site on www.antal-int.com



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bonus potential

Major International
Investment Bank

London

Corporate Finance - Engineering Team

Exciting opportunity to join an international investment banking group with operations around the world and particular strength in emerging markets. Its businesses comprise investment banking, securities, fund management and commercial banking. The specialist engineering team is primarily responsible for marketing and deal origination within the sector and seeks a professional engineer, banker or strategy consultant to expand its capability in the UK and Europe. Excellent prospects for further career progression.

THE ROLE

- Reporting to the Director who heads the engineering team, create, analyse and develop potential merger and acquisition opportunities and build a network of senior contacts.
- Market to top management in major engineering public companies within the UK and Europe with a view to initiating corporate finance transactions. Establish and maintain close relationships with corporates based on deep understanding of the sector.
- Work closely with execution teams in the conduct of transactions in an environment which is highly collegiate.

THE QUALIFICATIONS

- Late 20s to mid 30s. Engineering or technical degree. MBA and European languages useful. Could be working in an engineering company, investment banking or strategy consulting and must have extensive knowledge of the engineering sector.
- Ambitious, energetic and tenacious self-starter with the drive, vision and personality to develop authoritative M&A origination capability.
- Entrepreneurial, commercial and imaginative team player with strong analytical and communication skills. Maturity, stature and self-confidence to represent the bank at the most senior level. An international outlook is essential.

London 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. SE/1700/97,
15 Cornhill Place,
London EC2A 4RT

Deputy Head - Equity Fund Management Arab Capital Markets

Highly Competitive Salary

Attractive Bonus & Benefits

Our client is a well established UK bank with a reputation for professionalism and innovation. A dynamic growth in business has led to the need for a high calibre professional to join an expanding team which specialises in the management and distribution of Arab-related investment products to an international client base.

The Role

- Deputise for the Head of Arab Capital Markets Department on a day-to-day basis.
- Assist with overall fund management and investment strategy for the team.
- Contribute to the investment analysis and allocation process.
- Market the team and products in the Arabian Gulf, Europe and the Americas as required.

The Individual

- At least 5 years' experience in equity analysis/fund management is essential.
- A high degree of competence in computer applications and technology is required.
- A strong knowledge of the Middle Eastern business and social culture is necessary.
- Previous experience of emerging markets investment is highly desirable.

The successful candidate will be a graduate, preferably with an MBA and will be highly self-motivated. Excellent interpersonal skills are essential as is the ability to work well within an energetic team environment.

If you wish to make a significant contribution to a dynamic market place, please send your curriculum vitae in confidence to Philip Wright or telephone for an initial discussion.

Devonshire executive

A MEMBER OF THE DEVONSHIRE GROUP PLC

7 Birch Lane, London EC3V 9BY
Tel: 0171 626 2150. Fax: 0171 626 2092. e-mail: exec@devonshire.co.uk

Devonshire

CONVERTIBLES ANALYST - LONDON NEW YORK

An exceptional opportunity for an ambitious numerate graduate within a major global investment bank. An exciting environment in which to work and learn.

THE PERSON

- Bright and energetic individual, with an established interest in the equities or derivatives markets
- Good first degree, an inquisitive mind and possibly an MBA
- Minimum of 6 months experience in equities, fixed income, forex, or credit areas and some knowledge of convertibles
- A strong IT orientation with experience of Microsoft Office products

THE JOB

- After initial training in London the successful applicant will be transferred to New York and assume responsibility for the North American CB product
- As a member of a Global Convertible Bond team providing valuation, spreadsheet analysis and written research working in conjunction with the Global Head of CB Research
- Opportunity to progress rapidly within dynamic and motivated new team
- Very competitive remuneration package

Please reply enclosing your CV to James Blackwood or Simon Miles

RVL

INTERNATIONAL SEARCH
AND SELECTION

54 GROSVENOR STREET
LONDON W1X 9FH

TEL: 0171 491 1112
FAX: 0171 491 1052

صكا من الامم

EUROPEAN PATENT ATTORNEY

GERMANY (BADEN BADEN)

EXCELLENT SALARY + BENEFITS

The Dow Chemical Company is the fifth largest chemical company in the world, with annual sales of more than \$20 billion, over half of which are outside the United States - producing chemicals, plastics and environmental services for customers throughout the world. With its European headquarters near Zurich, Switzerland, the company has world-scale production facilities and laboratories in The Netherlands, Germany and Spain, operates 115 manufacturing sites in 37 countries and employs approximately 40,000 personnel.

Dow's European Patent group now requires a high caliber European Patent Attorney to support their continuing growth and expansion through their investment in leading edge chemistry-related technology. The successful candidate will be part of a small patent group based at one of Dow's major European locations in Rheinfelden, Germany, near Baden Baden. You will be responsible for providing intellectual property services to the Company on a full range of patent-related matters, working closely with scientists, commercial colleagues and management.

You will enjoy considerable responsibility and autonomy and be required to deal with specific areas of patent protection.



opinions, oppositions, agreements and enforcement in a variety of chemistry-related technologies. Where necessary, you will support and coordinate external attorneys in various patent-related matters in a variety of European countries.

Currently a European Patent Attorney and fluent in English, you will ideally have a thorough command of the German language together with an excellent first degree in Chemistry or Chemical Engineering. You should also be able to demonstrate impressive career progress, ideally in industry, have an ability to plan and possess first class interpersonal skills.

This is an exceptional opportunity with excellent prospects for long-term career development within one of the world's leading chemical corporations - totally committed to professional and sophisticated Patent policies.

If you are interested, please contact Stuart Adamson or Graham Marlow on +44 (0) 113 2451212, or send your CV, in confidence, quoting reference number 4670, to Adamson & Partners Limited, 10 Lisbon Square, Leeds, United Kingdom LS1 4LY. Fax number +44 (0) 113 2420802. E-mail stuartadamson@adamson.co.uk

ADAMSON & PARTNERS

INTERNATIONAL EXECUTIVE SEARCH & SELECTION

Investment Banking Operations Opportunities

Moscow, Russia

Our client is the leading emerging market Investment Bank based in Russia. The group has achieved rapid success by combining the highest international standards with deep experience and understanding of local markets, and has five principal lines of business: equity, fixed income trading, investment banking, merchant banking and asset management.

Another key reason for the success of the group is the ability and professionalism of its back office team. It is seeking to expand this team by the addition of key, proven operations professionals who have the vision, product knowledge and service mentality to continue to drive the business forward. Applications are sought from individuals who have worked within major financial markets and who are familiar with the requirements of the modern back office.

Candidates should be experienced with systems development and implementation and the settlement process for both equity and fixed income products on a global scale. In addition, candidates will be proactive and success orientated, but comfortable working within a team based environment.

If you think you have the breadth of skills and can rise to the challenge of working for one of the world's most dynamic and fast moving companies, then please send your CV with covering letter to Helen Highet, Principal, at the address below.

Relocation assistance will be provided

JONATHAN WREN

Jonathan Wren Search & Selection Limited
34 London Wall, London EC2M 5RU
Telephone +44 171 588 0828 Facsimile +44 171 588 0830

SEARCH & SELECTION

Investment Analysis

Negotiable Salary + Benefits

Edinburgh

Excellent opportunity for talented professional to join one of Scotland's most innovative investment houses and play a significant role in its continued success investing in emerging markets.

THE COMPANY:

- Long-established, profitable, Scottish Investment management group dedicated to providing highest quality of service and investment performance.
- Significant global assets managed on behalf of wide range of institutional and retail clients.
- High-calibre, professional investment team. Excellent record of career development.

THE POSITION:

- Critical research role in flourishing emerging markets team. Focus on identifying undervalued shares by fundamental analysis.
- Make recommendations on sectors and individual stocks for implementation across portfolios.

- Increasing involvement in fund management, client liaison and marketing activities with experience. Prepared to travel.

QUALIFICATIONS:

- Numerate graduate or professional with minimum of two to three years' experience of financial analysis.
- Fund management or stockbroking background preferred. Individuals with PhD or MSc in Economics or Finance wishing to pursue career in investment management also considered.
- Articulate and confident team player with good interpersonal skills and sound judgement. Rigorous analytical skills, computer literate and able to work in systematic and disciplined manner.

Please send full cv, stating salary, ref SC707H1, to NBS, One St Colme Street, Edinburgh, EH3 6AA
Fax 0131 220 2440 Tel 0131 220 8210

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Applications, C.V. and a copy of the passport should be mailed to the following address:-

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General Manager Eng. Adham Bayerly

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Financial Times



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Chase is the largest global custodian and has been at the forefront of the industry since its inception. Our business has grown at a fast pace and we now administer US\$3.8 trillion of custody assets.

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Responsible for and refining market plans for European and US investment manager clients, supporting the existing sales team and completing sales for mutual funds services, particularly for funds managed by UK, French, Swiss, German, Belgian and Dutch firms.

Candidates should have exposure to and a thorough knowledge of investment managers and mutual funds, as well as an understanding of the regulatory features of offshore mutual fund markets in Dublin, Luxembourg, Jersey and Cayman and the developments in the European mutual fund market. Preference will be given to those who speak French or German and to those with existing market contacts.

This is a high profile role within one of Chase's fastest growing businesses and success will be rewarded by excellent promotional prospects. A highly competitive salary and remuneration package is offered and an attractive range of benefits including performance related bonus, car allowance, subsidised mortgage and non-contributory pension.

Please send your CV to or contact Ian Dodd, Executive Director
The Devonshire Group Plc, 7 Birch Lane, London EC3V 9BY.
Tel: +44 (0)171 626 2150. Fax: +44 (0)171 626 2092. e-mail: exec@devonshire.co.uk
Any CV's sent direct to Chase will be forwarded to The Devonshire Group.

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Vice President

London

£ Excellent

Our client is a global US commercial bank offering world leading corporate and consumer banking solutions. Promotion and internal career development have created the need for an accomplished banking professional with outstanding credit risk analysis skills. Working as part of a well established and highly successful team, you will be responsible for providing analytical credit structuring support for the bank's European insurance banking businesses including a major London based insurance relationship and other underwriting and broking relationships.

The Role:

- Quantitative and qualitative evaluation of insurance companies markets from an individual and sector perspective.
- Monitoring exposures, including credit calling. Early identification of credit concerns and execution of appropriate remedial management.
- Approving new transactions jointly with relationship and product areas.

The Candidate:

- A banking background comprising at least five years credit experience and an understanding of structured commercial term lending.
- Ability to present at senior level.
- Sound knowledge of banking operational products, such as cash management, letters of credit, custody and foreign exchange and their credit issues.
- Knowledge of the insurance industry would be an advantage, though not essential.

An outstanding remuneration package will be offered to the successful candidate, comprising a competitive salary, performance related bonus and full banking benefits.

Interested candidates should contact Tim Smith on 0171 269 2513, or write to him enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 405 9649. Please quote reference number 357703.



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International Recruitment Consultants
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Compliance Officer

£40-45,000 + Benefits

City

Exciting opportunity for experienced professional to establish and manage greenfield compliance operation for new unit trust business.

THE COMPANY:

- Established financial services provider. US\$50 billion under management worldwide.
- New institutional unit trust business to be launched early 1998.
- Strong compliance culture. Rigorous and professional approach to regulation. Committed to highest standards.

THE POSITION:

- Set up and establish proactive compliance structure to support newly created UK business. Report into Director.
- Develop and implement compliance strategy. Manage all compliance related issues.

- Activity monitoring and surveillance. Liaise with regulatory bodies.

QUALIFICATIONS:

- Bright, ambitious individual, preferably professionally qualified. Proven track record in compliance, ideally gained in a unit trust environment.
- Strong technical knowledge. Thorough understanding of relevant regulations and implications (particularly IMRO).
- Highly credible, decisive and professional self starter. Strong communicator with excellent interpersonal skills.

Please send full cv, stating salary, ref FS70702, to NBS, 10 Arthur Street, London EC4R 9AY
Fax 0171 623 1525 Tel 0171 623 1520

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FAST GROWING LONDON BUSINESS OF A PRESTIGIOUS US INVESTMENT FIRM

We invite applications from candidates who must have a post graduate qualification and have had at least 4 years' experience of applied econometric modelling, probably gained within the financial sector, an economic research organisation or academic institution. As the selected applicant, you will help develop quantitative stock-selection models for the US, UK and European equity markets. You will join a team that is already developing econometric models for various assets, and help our traders choose between different shares. Essential qualities are flexibility, to have a roll-up sleeves attitudes to work and, above all, to be an effective team player. For an individual with directly relevant experience, a higher salary can be negotiated. Programming experience, (in 'C'), is desirable, though not essential.

It is possible that any US based candidates may be able to work out of our Boston office.

Applications, in strict confidence, reference EC6417/FT should be sent or faxed to the above address, will be forwarded to our client in the first instance. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter addressed to the Security Manager, CJA.



Dresdner Kleinwort Benson

CORPORATE FINANCE

Dresdner Kleinwort Benson is one of the world's leading, fully integrated, investment banks and is recognised as a major force in international investment banking. Due to increasing levels of activity, the Corporate Finance Division of Dresdner Kleinwort Benson is seeking to recruit high calibre Corporate Financiers into two of its industry sector teams. These opportunities offer the scope to develop a broad range of corporate finance skills including working on M&A, international equity issues, general advisory and privatisation assignments.

MINING SECTOR TEAM

Reporting to the Director of Metals and Mining, responsibilities will include industry research, quantitative analysis, client presentations and deal execution. As a key member of a highly successful team: you will have acquired a minimum of 4 years' corporate finance experience in addition to a knowledge of the ferrous and non-ferrous metals and mining industry. Fluency in Spanish will be an advantage.

HEALTH CARE SECTOR TEAM

As a result of continuing success and expansion, the Health Care Sector Team is currently seeking additional Executives to join its team. Responsibilities will include execution in the biotechnology sector and both execution and marketing in the mainstream pharmaceutical sector. Potential candidates will be newly/recently qualified ACA's, with a relevant science degree and a high track record of achievement post qualification. An additional European language will be an advantage.

In addition to the above specific vacancies, Dresdner Kleinwort Benson has a continuing requirement for candidates at all levels to join industry sector teams or more generalist transaction teams. Candidates whether generalist or industry sector specialist will have the drive and ambition to thrive in a business getting environment and will be excited by the challenges that the opportunity to join Dresdner Kleinwort Benson offers.

All roles require candidates who are qualified ACA's, Solicitors, MBA's or Strategy Consultants, able to demonstrate an excellent academic record and high degree of motivation. The roles require previous corporate finance experience in varying degrees depending on the level of entry. A high degree of numeracy and first class interpersonal skills are essential criteria.

ALL POSITIONS ARE BASED IN LONDON AND OFFER A HIGHLY COMPETITIVE SALARY AND BONUS STRUCTURE.

For further information please contact in strictest confidence our Managing Consultants David Goodrich and Julian Davey at Bell Court House, 11 Blomfield Street, London EC2M 7TF Tel: +44 (0)171 628 0770 Fax: +44 (0)171 638 9667

Prime Executive

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Excellent Packages

Standard Chartered is a major force in international banking, with assets in excess of \$42 billion, a unique international network spanning over 40 countries and strong franchises in several key markets, particularly Asia. The bank is investing heavily in trade finance as a core product area. With achievement of ISO 9002 certification in its Trade Processing Centres in Asia, Standard Chartered has become a leading provider of trade finance services to other major banks. Further emphasis on new product development and technological innovation has resulted in the creation of two demanding, highly visible roles.

Head of Electronic Trade

Based in London, this is a highly strategic role with responsibility for creating leading edge applications for electronic trade, and for further developing existing electronic trade products. A key aim will be the continued transition of the trade area to a highly responsive, customer oriented, paperless business. The appointed candidate will work closely with senior colleagues to develop innovative and efficient solutions for customers. Candidates are likely to come from a leading consultancy, or have experience of working in an organisation at the forefront of electronic development in financial services.

Ref: 738J

Reporting to the Head of Trade Product Management, the appointed candidate will work as part of a high calibre team of product management and market specialists. Each will play an important part in the ongoing development and success of Standard Chartered in this area. There will be significant international travel. Career development opportunities are excellent.

Head of Export Trade

The appointed candidate will be responsible for the performance of a broad range of export trade products, a key area of development for the bank. Based in Hong Kong and managing a team of four specialists, he/she will maximise the potential of the product portfolio in this highly competitive market, ensuring that customers' needs are effectively met. Candidates must have experience of both trade finance and product management/marketing. Experience of living and working in Asia is mandatory.

Ref: 737J

In addition to highly competitive base salaries, the remuneration packages comprise the full range of banking benefits, including a potentially substantial performance related bonus.



SEARCH & SELECTION

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FP CONSULT

THE COMPANY:

French fund management company specialised on emerging markets (equities and bonds, 350 million USD under management, developing rapidly, subsidiary of a European banking group, is looking for:

1) A FUND MANAGER EMERGING EUROPE AND RUSSIA

Position: Responsibility of a dedicated fund in the area
- Participation in the marketing and the development of the fund
- Management of the fund in relation to the equity and bonds team country-risk, stockpicking, portfolio management
- Reporting to the directors and customers.

PROFILE:

- Strong academic background
- Well developed analytical and synthesis skills, rigour and imagination
- High level of computer literacy: good knowledge of Excel, Bloomberg and Reuters
- 5 years of experience in Emerging markets, of which at least 2 years in Eastern Europe and 2 years as a fund manager
- Fluent in French.

2) TWO SECTOR INVESTMENT ANALYSTS FOR EMERGING MARKETS:

- Utilities (telecommunications, electricity)
- Commodities

Position: To assist the fund managers in the search, analysis and selection of the companies of the sector in the emerging markets.

- Relationship with the broker analysts
- Management of the research received
- Implementation of global and country spreadsheets
- Follow-up of country legislations and company activities
- Follow up of the market evolution of the company.

PROFILE:

- 2 years of experience as an investment analyst in the sector of emerging markets
- High level of computer literacy: good knowledge of Excel, Bloomberg and Reuters
- Fluent in French.

To apply please write enclosing your CV to:

Christine REDON - FP Consult - 90, Avenue des Champs-Élysées 75008 Paris

Rapidly expanding investment group with head office in the North West require experienced registered (SFA) personnel to join existing teams. Client bank welcome but not essential. We have PLC backing and unlimited prospects for individuals of the right calibre. If you feel that you are what we require we would be delighted to hear from you.

Please send CV to: Box Number A5961 Financial Times, One Southwark Bridge, London, SE1 9HL

Marketing Support

GMO Woolley Ltd is the London affiliate of Boston-based Gruntham, May, Van Oterloo & Co LLC (GMO), a global investment company with assets of \$28 billion under management. The firm seeks to appoint a marketing professional to develop and spearhead its business development initiatives. Working closely with the directors and investment professionals, the successful candidate's principal responsibilities will include:

- development of marketing strategies
- design/preparation of marketing materials
- liaison with investment consultants
- identification and follow up of new business opportunities.

Applicants for this key position should be numerate graduates with two to three years related experience. The post will probably be of particular interest to an investment consultant looking to move into investment management. Applicants should write to Martin Duffy at GMO Woolley Limited.

One Angel Court, Throgmorton Street, London EC2R 7EL

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with experience in management or Biotech-Pharma industry

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This Group is admired as one of the world's leading energy companies with activities ranging from substantial infrastructure management and research & development in the UK to consultancy and exploration & production operations on a world wide basis. Renowned for its technical and commercial expertise and with a multi-billion pound turnover and over 20,000 staff, the company has recently entered an exciting new phase in its development.

The relocation of the successful Treasury professional to a highly competitive environment. Reporting to the Assistant Treasurer, you will take responsibility for the execution of borrowing, investment and foreign exchange transactions involving a wide range of financial instruments in the UK domestic and overseas financial markets. In addition you will advise senior management on the structure of financial solutions and provide in-depth analysis on a range of issues.

This is an outstanding opportunity for a dealer who already has three to four years of experience in a treasury function and who wishes to take on greater responsibility with a leader in the field of corporate treasury operations. As a graduate, possibly with postgraduate or professional qualifications, you will be highly numerate and well informed with a thoughtful but decisive personality.

Interested candidates should write, enclosing a full curriculum vitae including current compensation, to Robin McWilliams at Herst Austin Rowley, 30 St. George Street, London W1R 9FA, quoting reference number HAR0145. Fax: 0171 409 7872. www.herst.co.uk

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Research Database User Project Manager

PARIS OR LONDON BASED

In view of the globalisation of its brokerage activities, Société Générale is currently seeking a Research Database User Project Manager. The successful candidate will be the focus for and driver behind the database's users (analysts, sales teams and institutional clients) and be responsible for the global implementation of the financial analysis database, a major strategic development for Société Générale worldwide (Europe, Asia, U.S., South Africa...). This unique system of data maintenance and modelling, document production and information distribution will be made available to all internal users, as well as some institutional clients. The candidate must have a good understanding of the data and production needs of research at an investment bank, either from having been a research analyst and/or managing a database. Previous experience as a project manager or involvement in the implementation of an international financial analysis database would be ideal. The position will require extensive travelling and fluency in both English and French. An excellent ability to communicate in a multicultural environment will be essential. The company offers extensive opportunities for an international career. The salary and benefits package will reflect your experience and your skills. Please apply with a complete CV, including details of current salary, quoting ref. OM/UPM, to Odile Mohan, Société Générale, Recruitment Department, Espace 21, 92972 Paris-La Défense Cedex, France.

With a staff of 45 000 worldwide, 2 000 branches in France and more than 500 offices in 70 countries, SOCIÉTÉ GÉNÉRALE, international banking group, is active in every sector of banking and finance.



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Flexible, versatile individual with at least 5 years' experience trading currency options in a major house. Excellent P&L record dealing US\$/European crosses. Focused and team spirited, used to working under pressure, with the ability to develop excellent working relationships with the sales team.

Please contact Patrick Robinson on 0171-466 0666. Alternatively, fax your CV in confidence on 0171-466 0667.

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As a law firm practising on an international level predominantly in the areas of corporate and commercial law we offer a

QUALIFIED LAWYER

an opportunity to join our corporate and commercial team. The nature of this position requires that you are of English mother tongue or that you speak and write perfectly fluent English, that you have experience in corporate and commercial matters particularly in drafting documents and opinions and that you are willing to work independently in a demanding environment. A working knowledge of German or French will be to your benefit as will a knowledge of other languages. Admission to a Swiss Bar is not necessary, but an asset.

In addition, you should either have Swiss nationality or a C or B permit.

If you feel you are suited to this position, kindly send your application documents and CV to, or telephone, for a first contact,

Mr Carl Linder, Haymann & Baldi,
Hottingerstrasse 17, 8032 Zurich, Tel. ++41-1-262 10 10.

APPOINTMENTS WANTED

Highly qualified administrator, currently working for major regional investment bank seeks position within UK company. Diverse skills base including coordinating investment banking and sales activities with respect to conferences, roadshows, investor tours, delivery of presentations, publications and advertising. Excellent at crisis management and solutions. Experience on all Windows platforms, including 95 & NT, and Macintosh. Reply to Box A5964, Financial Times, One Southwark Bridge, London, SE1 9HL.

TRADER with wide experience Emerging Markets/Africa Commodity Trading/Related Finance. Excellent communication negotiation and technical skills, seeking challenging opportunity as part of team or consultancy. Hardworking, resourceful willing to travel. French, basic Spanish, limited Russian. Fax: 44 1252 703474.

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(Κωδ. Δ.Δ.Π. 01/97)

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- Κερδοφορία οργανωτικών μονάδων, προϊόντων και πελατών.
- Ανάλυση κινδύνων (πιστωτικός κίνδυνος, κίνδυνοι αγοράς).
- Ελεγχος ποιότητας παρεχόμενων υπηρεσιών.
- Πελατοκεντρική αξιοποίηση δεδομένων.
- Στρατηγικές πτυχές της πληροφορικής.

Ο κατάλληλος υποψήφιος καλείται, αξιοποιώντας τις υπάρχουσες μελέτες και υποδομές, να συνεισφέρει στην ανάπτυξη νέων λειτουργιών και δράσεων, φέρνοντας σε πέρας ένα έργο μεγάλης σημασίας για τη μελλοντική πορεία της Τράπεζας.

ΠΡΟΣΩΝΤΑ:

- Βασικές και μεταπτυχιακές σπουδές που θα συνδυάζουν εξειδίκευση στους τομείς των χρηματοοικονομικών, του management και της πληροφορικής.
- Εξειδίκευση με τα εργαλεία της γενικής και της αναλυτικής λογιστικής.
- Πολυετής εμπειρία σε υψηλές διοικητικές θέσεις τραπεζικού οργανισμού και προώθηση διεθνούς επιπέδου στον τομέα των Συστημάτων Διοικητικής Πληροφορικής.
- Απαιτητή γνώση της Αγγλικής γλώσσας. Η ικανότητα επικοινωνίας σε μία ακόμη από τις γλώσσες εργασίας της Ευρωπαϊκής Ενωσης θα εκπαιδευθεί.
- Αυτοτελής προεργασία, δημιουργικότητα στη σύλληψη-εισαγωγή νέων συστημάτων και καινοτόμων μεθόδων.
- Ικανότητα επίλυσης προβλημάτων και διατύπωσης προτάσεων.
- Δυναμικός, επιρροή, διάθεση συνεργασίας, ικανότητες επιλογής συνεργατών και διακρίσεως στόχων.

Την αρχική αξιολόγηση θα πραγματοποιήσει για λογαριασμό της Τράπεζας η εταιρία επιλογής στελεχών ICAP.

Παρακαλούμε στείλετε το βιογραφικό σας σημείωμα και συνοδευτική επιστολή, αναφέροντας τον κωδικό της θέσεως, μέχρι 01/08/97, στη διεύθυνση:



HUMAN RESOURCES
Βασ. Σοφίας 64, 115 28 ΑΘΗΝΑ

SENIOR EXECUTIVE AEROSPACE FINANCE



KB Financial Services (Ireland), an IFSC company, is now in its tenth year of operation. It is responsible for the global aerospace, shipping and project finance activities of Kredietbank N.V.

Kredietbank Aerospace arranges, underwrites and provides aircraft financing facilities for a large client base throughout the world. As part of our continuing expansion in the aviation market, the bank is seeking to recruit a senior executive to its aerospace team. Based in Dublin and reporting to the Head of Aerospace Finance, the position requires extensive relevant experience in the aviation industry, the capacity to work with the airline, banking and investment communities world-wide and the capability to originate, structure and implement sophisticated transactions with the minimum of supervision.

Candidates for the position are likely to have a University Degree and/or an appropriate professional qualification and have not less than three years relevant experience. A high degree of initiative and energy are essential together with good organisational, interpersonal and communication skills. The ideal candidate should have the potential to develop into a leadership role within the team in the short to medium term.

The successful individual will enjoy a highly attractive salary and benefits package reflecting the importance of the role.

Please respond in confidence to:

Managing Director
KB Financial Services (Ireland)
Kredietbank House
International Financial Services Centre
Dublin 1
Ireland



Equity Research & Sales

BPI - Banco Português de Investimento is Portugal's leading investment bank. In the context of the re-rating of Portugal from an emerging to a mainstream European market we are seeking to recruit young highly skilled individuals so as to expand our equity business.

Opportunities exist for developing the following roles either on a focused basis or in combination:

- Conducting equity research reports on the Portuguese market, but within an Iberian framework.
- Handling the sales effort to service institutional clients abroad.

Candidates must possess the following qualities:

- An outstanding academic track record.
- Excellent communication skills and team spirit.
- Fluency in English and the knowledge or willingness to learn Portuguese/Spanish.
- Experience of 1-2 years in a related field of activity is preferable but not essential.

If you believe you possess the adequate skills and feel attracted by this offer, please contact Emmanuel Figueiredo on 351 2 607 3138 (phone) or 351 2 600 2052 (faxsimile) or write to: BPI-Banco Português de Investimento S.A., Rua Tenente Valadim, 254-4100 Porto, Portugal, enclosing a CV.

HEAD OF RESEARCH - ITALIAN EQUITIES

A new head of Equity Research is sought by a major Italian Banking Group:

- to direct and manage an already existing successful research department
- to maximise the international and domestic exposure to institutional investors

Milan or London based (flexible)

The candidate will have:

- minimum 5 years relevant experience
- held senior roles in equities research or corporate finance.

To find out more, please write including your details to our advising consultant: Bervin Leighton (ref. FCP)
Adelaide House
London Bridge
London EC4A 3HA
All applications will be handled in the strictest confidence.

FINANCIAL CONTROLLER

Responsabile Amministrazione Finanza e Controllo

Il nostro Cliente, ACCO ITALIA, fa parte di un gruppo industriale internazionale operante nel settore degli articoli per ufficio. Ha la sede in TORINO ed è leader nella propria area merceologica sul mercato nazionale con una immagine e tradizione consolidate ed un ambiente dinamico e stimolante, dove viene valutato con estrema attenzione l'apporto del singolo individuo. La Società ci ha incaricato di assistere nell'individuazione di un Candidato contraddistinto dalle seguenti caratteristiche:

- laurea in Scienze Economiche ed una fluente padronanza della lingua italiana;
- esperienze presso realtà multinazionali che adottano i più moderni sistemi di budgeting, reporting e costing;
- abitudine all'utilizzo delle più avanzate metodologie informatiche (BAAN, SAP, BPCS o similari);
- attitudine e confrontarsi con culture industriali differenti ed a inserirsi in ruoli di responsabilità;
- spiccate doti organizzative, le capacità di guidare i propri collaboratori ed una naturale propensione al lavoro di gruppo.

L'inserimento in un contesto di ampio respiro internazionale e le condizioni economiche, comprensive di auto aziendale ed incentivi sui risultati, sono tali da giustificare candidature qualificate.

Le persone interessate sono pregate di inviare un dettagliato curriculum, in lingua italiana, sigillato su busta e su lettera con il R.N. SP 10692, alla:



PRAXI S.p.A. - ORGANIZZAZIONE e CONSULENZA
10125 TORINO - CORSO VITTORIO EMANUELE II, n. 3 - Tel. 011/510300
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Financial Times

CREDIT RESEARCH ANALYST, RUSSIA

London Based

Excellent Package

One of the world's premier fully integrated corporate and investment banking firms, our client offers a comprehensive range of advisory, capital raising and sales and trading services.

This firm was one of the first of the premier league investment banks to invest in the emerging markets and they have developed a substantial presence in Eastern Europe, including Moscow. To augment this already successful operation they are looking for an experienced Credit Research Analyst to focus on the CIS markets, working as a member of a dedicated Credit Research team within the Fixed Income Division.

The ideal candidate will have a strong academic record (good first degree, preferably from a top Russian University and a Masters from a recognised western school), be native in the Russian language, and have at least two years experience of the Russian securities industry. Knowledge of the Russian Capital Markets is essential and ideally you will

have experience in both credit and financial analysis of Russian borrowers.

Apart from relevant previous professional experience, the successful candidate must demonstrate strong project management skills, and the ability to effectively communicate with a diverse range of market participants.

This organisation is recognised as one of the major players across all key areas of investment banking including emerging markets where they have a reputation for being both creative and consistently profitable. Within this environment the successful candidate can look forward to a positive and rewarding career, in a group where teamwork and individual talent are very well rewarded.

To apply in strictest confidence, please write, quoting Ref: 0279 enclosing a full CV to Tim Musgrave at The Bloomsbury Group, 1 Southampton Street, London WC2R 0LR. Or, if you prefer, fax him on 0171 240 6362.

THE BLOOMSBURY GROUP

Executive Search

ACCOUNTANCY APPOINTMENTS

Financial Services: Researchers And Recruitment Consultants

Flotation
Prospects

Upper Quartile
Package
+ Car

London



MARTIN WARD
ANDERSON

LONDON - WIMBORNE - ST ALBANS

Martin Ward Anderson is one of the UK's most successful recruitment consultancies, with growth rates averaging 100% per annum throughout the 1990s.

Our innovative direct marketing methods and campaign driven approach have enabled us to build an impressive database of high quality candidates and blue chip multinational clients. We undertake UK and International executive recruitment assignments ranging from Director to Trainee level.

Having created a strong operational infrastructure, incorporating a 'state of the art' Profile network database system, we are now embarking upon the next phase of our aggressive expansion programme. The development of our new financial services division will embrace all aspects of financial markets including Front Office, Operations, Corporate Finance and Financial Control.

We now wish to recruit several high calibre professionals at all levels from Senior Researchers and Senior Consultants through to Trainees to enable us to achieve these goals and share in our success. Responsibilities will include the creation and development of your own business portfolio whilst working within a close knit team of professionals, operating in either the permanent or contracts market.

Successful applicants, preferably aged up to 34, must have Financial Services experience, and are likely to have a background in Research, Recruitment, Finance, Sales or HR. Personal qualities should include good interpersonal skills, drive, tenacity and strong influencing ability.

Rewards include a stimulating and enjoyable team working environment, excellent career development opportunities and an upper quartile remuneration package. Benefits consist of a high basic salary, substantial profit share, quality car, share participation prospects, private health, pension and holidays rising to 30 days.

Candidates should telephone for more information or write to us at the address below quoting reference number 41028. Enquiries will of course be treated in the strictest confidence.

Jon Anderson ACMA, Martin Ward Anderson, 7 Savoy Court, Strand, London, WC2R 0EL. Tel: 0171 240 2253, Fax: 0171 240 8818. E-mail: info@mwa.co.uk Evening: Jon Anderson - 0181 948 6135, Peter Ward - 01753 642 864.

Part of a major and dynamic international French group generating sales of £7.5 billion, our client is a highly profitable, rapidly expanding retailer of furniture and household equipment, with a current turnover of £1 billion. Planning on significant future international growth, to be achieved primarily through acquisition but also organically, they are seeking a

Director of Audit

- Paris Region/France -

THE POSITION
• Play a pivotal role in the definition and implementation of a dynamic and proactive international audit strategy.
• Plan, co-ordinate, and supervise multiple audit assignments of a financial and operational nature, in existing subsidiaries or future acquisitions, in a decidedly international context.
• Consolidate and develop a team of 7.

THE REQUIREMENTS
• Graduate ACA, with approximately 6 to 10 years' audit experience in one of the major accounting firms and possibly as internal auditor in a dynamic multinational industrial services corporation.
• Early in mid 30's.
• Fluent English, knowledge of French.
• Highly motivated and open-minded, with good communication and team development skills.
• Anglo-Saxon or Northern European, international in orientation and highly mobile.
In order to appoint an individual of the highest calibre, the Group will offer an excellent compensation package as well as outstanding career opportunities.

Please reply with full details to Cor ex, 11 Avenue Myron Herrick 75008 PARIS with ref.: HBU1179.

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VUCHOT WARD HOWELL

Financial Controllers UK, Germany, Netherlands, US

Salaries: £70,000 (equivalent) plus

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international
selection

Please forward in confidence, a detailed CV, including information on your current salary, to David Birney, quoting reference: 27 002, at nmc&kay international selection 7 Old Park Lane, London W1T 3LJ

A leading UK multinational manufacturing group is looking to recruit a number of high level financial controllers. Working in a fast moving environment they will need to be able to work to very tight timetables in producing management information, and to work closely with the Chief Executive in the management of their company.

Candidates will be qualified accountants, will have several years' experience working with blue-chip international businesses, preferably in a manufacturing environment, and should have direct experience of working in the relevant country. Ideal candidates are likely to be aged between 35-45, and must speak excellent English. Candidates for the German positions will also need to be fluent in German.

nmc&kay
international
selection

Please forward in confidence, a detailed CV, including information on your current salary, to David Birney, quoting reference: 34 001, at nmc&kay international selection 7 Old Park Lane, London W1T 3LJ

Head of Credit Management International responsibility, London based

Salary: £60-70,000

A major division (£1 billion) of a leading manufacturing company is creating a new position to improve credit management worldwide. The job brief will require the implementation of best practice systems and procedures, and performance will be measured both by the ability to change local management cultures, and by improvements in debt ratios.

Direct experience of leading a credit management programme will not be essential, but candidates will need to demonstrate a keen understanding of the key issues and have experience of working in an appropriate environment. Candidates will be experienced businessmen/women, strong minded with excellent communication skills. Age and nationality are not relevant, but candidates must have the energy to undertake substantial travelling and must speak English fluently.

European Finance Director High Technology Processing Systems

c.£65,000 + Bonus + Benefits

Home Counties

Important role influencing development of well-regarded, innovative market leader.

THE COMPANY

- £500m+ turnover international group addressing specific sectors. Technologically advanced; quality products; premium position.
- UK subsidiary houses European HQ. Turnover £40m. Introducing new products and integrated software.
- Blue chip customer base. Strong service sector revenue contribution.

THE POSITION

- Divisional Board member. Provide strategy leadership. Improve financial analysis, achieve key business goals.
- Consolidate and report European subsidiaries' results. Liaise closely with country general managers and finance functions. Advise on M&A work, investments and strategic alliances.

- Responsible for cash control, FOREX, tax and treasury. Key task to help build European approach from country operations. Report to European MD and Global VP Finance.

QUALIFICATIONS

- Graduate qualified accountant. Capital goods background from European organisation. Knowledge of US GAAP and business culture.
- Strengths in multicurrency accounting, financial and business planning, cash control and management reporting.
- Strategic thinker with excellent people skills and team approach. Sensitive with ability to influence cross culturally. A European.

Please send full cv, stating salary, ref SL70702, to NBS, 7 Shaftesbury Court, Chalfont Park, Slough SL1 2ER

Fax 01753 819228 Tel 01753 819227

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NB Selection

NBS

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ISO 9002 Registered

Treasury and Export Finance

Hi-Tech Multinational

c.£45,000 + Car

Northern Home Counties

Superb opportunity for a dynamic, ambitious treasury professional. Support commercial tender activities and manage UK treasury function.

THE COMPANY

- Multinational manufacturing and engineering group. Strong record of export growth. Market leading technology in global communications. Turnover \$1.5bn.
- High value product and service provider to blue-chip and international government customer base. Reputation for innovation and development.

THE POSITION

- Full responsibility for UK treasury and credit management. Report to International Group Treasurer and UK Finance Director. Manage team of four.
- Proactively contribute to business development and risk assessment.

- Arrange project and export finance working closely with banks and ECGD. Provide support in tender negotiations.
- Manage UK institutional relationships and facilities. Control FOREX exposure and UK investment activities.

QUALIFICATIONS

- Graduate qualified treasury professional with minimum three years' relevant experience preferably gained in blue-chip multinational.
- Previous experience of project based ECGD supported export finance.
- Ability to communicate effectively at all levels both internally and externally. Assertive yet diplomatic and proven team player.

Please send full cv, stating salary, ref LG70707, to NBS, 54 Jermyn Street, London SW1Y 6LX

Fax 0171 491 0447 Tel 0171 493 6392

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NB Selection

NBS

Financial Management

A BNB Resources plc company

ISO 9002 Registered

The Zagrebačka Banka Group is a Croatian based financial services group, the market leader in the provision of a full range of corporate and retail banking services to customers in Croatia and international parties. The Group employs some 5000 people and serves over 1000 corporate borrowers, 60000 corporate depositors, over one million retail depositors and a rapidly expanding number of retail borrowers. In addition the Group provides insurance services to in excess of 40000 companies and individuals. The Bank's main credit, treasury and international payment operations are carried out at its headquarters in Zagreb. An extensive network of branches carries out branch banking operations throughout the country. In the course of last year, the volume of the Bank's operations in all segments increased considerably. As a result the Group recorded balance sheet growth of HRK 3.2 billion or 19%. The Bank and its operations are measured by rigorous standards of international stock exchange and investors in the way that, in 1996, 10% of share capital were placed on international markets and were traded on SEAG International in London.

The Bank is currently seeking for appointment at its headquarters in Zagreb, Croatia

CHIEF FINANCIAL OFFICER

Main purpose of the job is to manage and develop the Financial Control function of Zagrebačka Banka and Group in order to meet external reporting requirements, regulatory requirements and the internal business needs of management.

The job reports directly to the Member of the Management Board responsible for the finance function.

Key result areas:

- financial management and reporting requirements both external and internal
- a Financial Control function developed to meet the needs of key business divisions and working in close cooperation with other support functions
- a fully integrated financial function focused towards the overall strategic financial management issues facing the bank

Qualifications:

- banker with a broad based commercial experience including branch banking, corporate and treasury
- qualified accountant experienced in the management of a bank with a track record of credibility with financial community
- university degree in financial management or economics, MBA would be an asset
- knowledge of computerised financial systems
- excellent interpersonal and communications skills combined with leadership qualities and the ability to adapt in a rapidly changing environment
- strong entrepreneurial, strategic and visionary qualities.

Languages: Very good command of English. Sound working knowledge of Croatian would be highly appreciated.

Offer: Competitive bonus and benefits package reflecting qualifications and experience. In addition we provide the support and commitment expected of a reputable organisation together with the opportunity for further personal development and rewards of a highly visible and critical business role. Expressions of interest and CV with a photograph quoting appropriate references should be directed to: Director, Personnel Department, Zagrebačka Banka, Jelencova 10, 10000 Zagreb, Croatia, fax: +385 1 4913 954. Closing date for application is: 1 August 1997. Applications will be treated in strict confidence and will not be returned.

Zagrebačka banka

Financial Controller

Number 1 in Finance

Central London

c £45,000 + Bens

Our client is a highly successful jewellery manufacturer and distributor, supplying to major multiple outlets and independent retailers. Established for 18 years, the company has recently experienced rapid growth and is now poised to take advantage of further business opportunities.

As a result of this exceptional growth, an opportunity has now arisen for a high calibre Financial Controller to join the management team. Reporting directly to the MD, you will take full control of the finance and administration functions. Major initial responsibilities will include implementing a new computer system throughout the company and providing a regular source of management information

to help drive and manage further growth. You will also play a full role in the strategic development of the company.

The ideal candidate will be a young qualified accountant with very hands-on ability within small businesses. You will have strong systems skills as well as an appreciation of business and cost issues within a dynamic growing concern. Most importantly, you will be able to deal at all levels within and outside the company.

If you believe you have the above qualities, please send your curriculum vitae to Andrew Bentote, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN or alternatively fax on 0171 831 2612.



Michael Page Finance

Specialists in Financial Recruitment
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Group Finance Director

Central London - £ Attractive Salary + car + benefits

- As one of the leading property development and investment groups with operations in the UK and Continental Europe, our clients' continuing growth necessitates the appointment of a highly motivated Group Finance Director.

- You will have full responsibility for managing the Group Finance function including enhancing the current accounting and IT systems as well as having a significant input into the strategic management of the company. Additionally, the role will involve treasury management and taxation responsibilities together with international visits to the Group's overseas operations.

- Operating to tight deadlines, the successful candidate will be an individual with the requisite technical and leadership skills to develop this resource and the energy and commercialism to quickly become part of the organisation's senior management.

- Qualifications must include an excellent academic background coupled with experience as either a fast tracker in a major accountancy firm or as a senior finance professional within a fast moving blue chip organisation. This demanding position would suit an ambitious individual looking to succeed within a performance orientated organisation.

Please write outlining your suitability to the position and enclosing a curriculum vitae with current remuneration details to: Richard Pooley at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH, fax: 0171 931 1022 (ref: RFP135), or E-mail: rpooley@cc.ernstyoung.co.uk

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International

Financial Reporting Manager

North West

c£38,000 + Car + Bonus + Relocation

Financial Services

Hambro Assured is the Life and Pensions subsidiary of Hambro Countrywide PLC, the largest estate agency group in Europe. Established in 1988 it now has funds under management in excess of £200m and a customer base of 225,000. The Company's growth prospects are excellent following the expansion of the estate agency organically and through acquisition.

Following an internal promotion within the Group, we are now seeking a mature and confident individual in his or her mid-thirties upwards to manage the financial and management reporting arm. Heading a team of 6, including 2 qualified accountants and reporting to an Executive Director of the Company, the key responsibilities are:

- All external financial reporting, including financial statements to Group, Companies Act accounts and DTI returns
- Support for business managers through:
 - internal management accounts
 - the budgeting and forecasting process
 - the Company's MI system based on Express software



Ken Romney FCA
Director
Hambro Assured plc
Harbour House
Portway
Preston PR2 2PR

or by fax on 01772 726000

EMERGING MARKETS RESEARCH - HUNGARY

Competitive Remuneration Package

London

A senior analyst is required to join an emerging markets team within a successful and expanding investment bank.

The role will involve the production of research on listed companies and marketing to our international client base.

The successful candidate will be degree educated, in a business discipline and will preferably have a minimum of 2 years' experience of Hungarian listed stocks. Preference will be given to candidates with significant experience gained in leading local and international research houses, together with a proven successful track record.

In addition, candidates should ideally have knowledge of, or interest in, companies in Slovenia, Croatia, Slovakia and Romania. Written and spoken fluency in English and Hungarian is essential.

Applications should be sent to: PO BOX A5962.



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World Domination

If you're good enough, why settle for less?

European Technical Controller

From £50,000 + bonus + benefits London

To be the global leader in our field... has already been attained in the majority of our international markets. We are a premier global Reinsurance company, with a turnover of \$12 billion, and a worldwide reputation for creativity, flexibility and technical flare. As head of our European Group technical and cost accounting function, managing a turnover of £150m, our London based subsidiary which has operations in every major European city, is a pivotal link in our ambitious plans for strategic growth throughout Europe.

Rapid evolution
Ideally positioned to make your influence felt throughout a rapidly changing organisation which actively pursues excellence and rewards talent, you will work in partnership with the Chief Financial Officer, and other members of the finance team, with specific responsibility for managing and developing our European corporate technical and cost controlling function, incorporating technical and client accounting, budgeting, credit control and cost allocation responsibilities. You will also be responsible for management reporting for a worldwide business unit. This is a rare opportunity to grow and progress your career within the core activities of an ambitious and successful organisation.

ACA and more...
...which is why we will be looking closely at your track record and expecting to see real quality, first time ACA passes, a General Insurance or Reinsurance background

and a minimum of five successful years in public accounting, are essential; strong system skills, a project management background and experience in developing management information to support strategic decision making, are also important. Communication skills are a must, as you will be leading a multi-cultural team of people located in Switzerland and London. Creative thinking is also a prerequisite, since you will be charged with redesigning processes and implementing new procedures to support our expansion throughout Europe. Ideally, you will also have language skills in German and/or French. Quality and flexibility are essential requirements from our people, and we need you to apply your skills to lead and motivate a strong team committed to our continuing success story.

And if by now...
...you feel that your ambitions match our requirements, call either of our advising consultants, Alistair McNeish on 0171 939 3293 or Hamish Davidson on 0171 939 3115, for a confidential discussion. Alternatively, write, fax or e-mail your CV quoting reference C/1788/FT, to:

Executive Search & Selection
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY
Fax: 0171 378 0647
E-mail: Alistair.McNeish@Europe.notes.pw.com

Project Analyst

Essex £35-40,000 + FX Car + Benefits

With a turnover in excess of £800 million, our client, a market leader within the food industry, has a vacancy arising from internal promotion.

Reporting to the Group Finance Director we require a high profile Project Analyst. The variety of the role is its attraction and will include responsibilities such as; acquisition appraisals, due diligence, in-house investment to develop new businesses, capital investment programmes and ad hoc project work.

The successful candidate will be an ACA who has qualified within a

Top 10 firm of Chartered Accountants and who has 0-3 years PQE. Experience of special work and/or due diligence is desirable.

You will have strong interpersonal skills and be able to give commercial solutions and opinions in a diplomatic way. The ability to have a substantial influence on the business is a pre-requisite.

Interested candidates should enclose an up to date CV, quoting reference 360574 to Paul Smith at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.

Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

b
Blackwell
Science

Finance Director UK

Oxford c £50,000 + FX Car + Bonus

Blackwell Science is one of the world's leading medical and scientific publishers. They publish more than 200 journals and 300 books per year in four languages, on behalf of over 180 societies. The business is internationally focused with a global turnover of £100 million and UK turnover of £38 million. The UK business continues to grow through both acquisition and diversification. In order to build on their reputation as the premier science, technology and medical publisher, they now seek a Finance Director for the UK business to be based in the head office in Oxford.

As a member of the UK Management Board, reporting operationally to the UK MD and functionally to the Group Finance Director, the position carries responsibility for:

- Overseeing the preparation and production of management, financial and statutory format accounts with a specific brief to develop the effectiveness of the reporting process across all functions and in doing so, enhance profitability.
- Delivering high level financial strategy and strong budgetary control.
- Continuing MIS development and integration of new systems.

- Financial control of the Paris branch office.
- Managing and developing 13 members of staff and relating to all levels of the business in a mature and effective manner.
- Providing strong management input into the running of the UK business.

The ideal candidate will be a qualified accountant with at least five years post qualification experience, ideally in an internationally driven organisation. A proactive and flexible management style, coupled with the ability to engender respect at all levels and foster strong relationships across the business, are essential personal characteristics.

For the right individual, Blackwell Science offers a tremendous opportunity to take an active part in shaping a dynamic and growing UK business and, in the medium term, to develop further within the group.

Interested applicants should forward a comprehensive CV including details of current remuneration and a daytime telephone number, quoting reference 359432 to Peter Istead at Michael Page Finance, First Floor, 40-42 High Street, Maidenhead, Berkshire SL6 1QE.

WANTED
Highly qualified,
experienced
**SENIOR FINANCIAL
MANAGER**

Knowledge of European book-keeping system, English/Russian. Dynamic, communicable, age under 45. Work and stay with family in Moscow. Good conditions.

Resume to:
Fax: +007 095 4523081

Strategic Planning & Analysis Manager

To £50,000 + Flexible Benefits Package

London

Fast-track appointment for highly ambitious Chartered Accountant into blue chip engineering group.

THE COMPANY

- ◆ Diverse international manufacturing group with prestigious product portfolio. Turnover £41.5bn.
- ◆ Record of innovative product development. Growth record, both organically and by acquisition.
- ◆ Strategy incorporates significant investment and focus on core business sectors. Strong financial influence on future corporate direction.

THE POSITION

- ◆ Manage and improve group strategic and business planning process. Support plc Board in business development working closely with subsidiaries. Report to Group Financial Controller.

- ◆ Advise on and participate in corporate acquisitions/divestments. Evaluate major CAPEX proposals group wide.
- ◆ Provide analytical support to bid/tender process. Conduct regular ad-hoc projects and strategic business reviews. Staff management responsibility.

QUALIFICATIONS

- ◆ Graduate, Big Six trained Chartered Accountant with upwards of three years' PQE. Experience in corporate finance with manufacturing sector exposure.
- ◆ Strategic vision with process orientation. Strong commercial acumen and analytical ability.
- ◆ Excellent communication skills at all levels, both written and oral. Energetic, dynamic and highly ambitious.

Please send full cv, stating salary, ref LG70706, to NBS, 54 Jermyn Street, London SW1Y 6LX

Fax 0171 491 0447 Tel 0171 493 6392

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COMMERCIAL UNION

Corporate Accounting Manager

Croydon

By not making a drama out of a crisis, Commercial Union has become one of the largest insurance companies in Europe, with interests in both life and general business. Headquartered in the UK, it is an international group with operations in over 50 countries and 25,600 employees around the world. The Group manages worldwide assets of £65 billion and writes premiums of £9 billion.

Based at Group Finance Headquarters in Croydon, Surrey, the Corporate Accounting Manager will head up the department responsible for the production of regular insurance statutory returns, including the non-life DTI return for Commercial Union Assurance plc and its subsidiary companies.

- The primary duties of the role will include:
- To be the focal point of interpretation and guidance on insurance regulatory accounting matters.
 - To provide pro-active monitoring of the Group's solvency position in all insurance regulatory markets.
 - Monitoring compliance with all insurance regulatory accounting requirements.
 - Management of the production of the annual DTI non-life reporting exercise.

c £45,000 + Car + Profit Share

The ideal candidate will be a qualified accountant, aged 30-45, with excellent technical accounting experience and considerable knowledge of insurance regulatory issues that must include non-life DTI returns. A results orientated individual, the candidate will have impressive interpersonal skills and a proven ability to deliver on time every time.

This is a key position within Group Finance. The individual will be expected to enable Commercial Union to maintain its leading edge status in insurance regulatory matters and to ensure that the Corporate Accounting department continues to add value to the organisation.

In return Commercial Union will provide an excellent opportunity to develop career potential within a vigorous environment.

Interested candidates should forward a comprehensive CV, quoting reference number J357710 together with current remuneration details to Alistair Robinson at Michael Page Finance, 45-47 High Street, Leatherhead, Surrey KT22 8AG.



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Specialists in Financial Recruitment
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Head of European Business Analysis

FARNBOROUGH

c. £50,000 + BONUS + CAR

Computer Sciences Corporation (CSC) is one of the world's leading IT organisations with revenues in excess of \$5.4 billion and over 44,000 employees in 600 locations. For over 35 years CSC has applied IT to meet clients' business objectives through research, management consulting, systems integration and outsourcing.

In Europe, we are the fastest growing professional services company. With European headquarters in Farnborough, we have operations throughout the UK serving a variety of industries, including finance, aerospace, retail, telecommunications and manufacturing.

An internal promotion has led to the need to recruit a Head of Business Analysis for CSC's European Group. Reporting to the European Finance Director, this role is critical in managing a small, highly skilled team undertaking specific analysis projects across Europe, including involvement in acquisitions and due diligence.

The ability to gain a full understanding of the dynamics of the IT services industry is vital. In addition, excellent communication and motivational skills will be required along with a high level of personal presence, maturity and commercial acumen. Candidates with multinational experience and a second language would be of particular interest.

The successful candidate, unlikely to be aged under 30, will be a dynamic, high calibre individual with the potential to become Finance Director of an operating division within 2 years. In addition to people with relevant commercial experience, this position could suit a senior manager in the accounting profession who is looking for a challenging position in industry.

Interested candidates should forward a comprehensive CV and covering letter detailing current salary and daytime telephone number, quoting reference 359358 to Wayne Mason ACCA, Michael Page Finance, 33 Blagrove Street, Reading, Berkshire RG1 1PW.



Michael Page Finance

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INTERNATIONAL FINANCIAL SERVICES

CITY

£ FLEXIBLE, INITIAL INDICATOR \$75,000

- Leading provider of insurance services within the Lloyds and Company markets experiencing rapid growth with an expanding international client base.

- New, highly commercial role designed to support and strengthen the senior team by providing strong leadership across all financial management matters. The brief includes substantial business development, joint ventures, acquisitions and evaluation of strategic options.

- Further key tasks will include refining financial planning processes, develop business driven controls and systems, and act as an effective sounding board for senior colleagues.

- Need for a bright, commercially astute finance professional to help steer and shape the future corporate direction. A Chartered Accountant with experience ideally gained in insurance, financial services or as a senior manager in a leading accountancy firm.
- Demonstrable record of enhancing company performance is essential. Business development mentality, ideally with substantial exposure to mergers and acquisitions, joint venture activities or similar.

- Proven negotiator, decisive manner, persuasive but not inflexible. Strong implementation skills. Energetic and proactive. Thrives on change and new challenges. Comfortable operating in an informal, yet highly professional environment.

Please apply to writing quoting reference 7979 with full career and salary details to:

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Global Telecommunications
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Kiev, Ukraine

Chief Financial Officer

Nasdaq-listed, leading-edge US company, with \$4 billion market capitalisation and an outstanding market reputation, seeks a dynamic finance professional to fill this critical role. New appointment at the heart of a strategic joint venture company in the Ukraine, building a national telecommunications system based on wireless technology. Excellent further career opportunities within the group.

THE ROLE

- Based in the Ukraine, responsible for Senior Management for all aspects of the finance function, including planning and budgeting, reporting and analysis, treasury, risk management and taxation.
- Representing the interests of the US company at Board level in the Ukraine, ensuring maximum returns for the investors through the commercial success of the venture.
- Key member of the executive team, with strong functional links to international finance and operational staff of the US partner.

THE QUALIFICATIONS

- Graduate CPA/ACA, preferably with further business qualification; knowledge of US GAAP essential. International experience and a strong track record of success based on first-class technical finance skills.
- Nationality open, but must be fluent in English plus Ukrainian and/or Russian. Experience of living in Ukraine or other CIS countries highly desirable. Skilled at bridging cultural gaps.
- Dynamic and focused, resourceful and resilient under pressure; with integrity, maturity and natural authority. An excellent communicator at all levels.

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London 0171 296 3333
Manchester 0161 499 1700

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and the Far
East

c.£35,000 to
£50,000
package,
substantial
bonus
potential

Our client, a profitable and expanding c.£500 million turnover UK Plc is seeking to build a team of up to six people, ideally multilingual and with the potential to be future Finance Directors. West Yorkshire based the group is a global market leader in the manufacture, sales and service of industrial products, has operations throughout Europe, the Americas and the Far East and has an outstanding reputation for technical excellence and product development.

Initially based at the Head Office in West Yorkshire the team will support various business initiatives and projects throughout the operations including supporting the SAP implementation world-wide, product and competitor profitability analysis and assessment of best practice in manufacturing supply chain management and warehousing activities. The group is undergoing major change to bring greater integration across their businesses in an industry sector where markets are increasing geographically and which has considerable future acquisition opportunities.

Candidates, likely to be aged between 25 and 30, will have an outstanding record of academic and professional achievement, obvious potential to progress, be mobile and flexible, and be keen to take a steep learning curve to a commercial operational finance role. Drive, ambition and resilience coupled with a demonstrable record of planning projects and ensuring their implementation are essential prerequisites.

Please reply in writing to Tracy Pullan at BHM Neward Roland, 4th Floor, EMCO House, 57 New York Road, Leeds LS2 7PL. Telephone 0113 246 7033 or Paul Macin at Ansal International, Shropshire House, 1 Copper Street, London WC1E 6JA. Telephone 0171 637 2001 enclosing a full Curriculum Vitae with current salary details quoting Reference 10154.

BHM

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An ideal job in an ideal company

Assistant Manager - Planning and Control Assistant
Information Technology Europe Brussels

As a world leader in the manufacture of electronics products, Sony is one of the best known names in the world. As a member of the Sony Group, you could be joining the newly created Information Technology Europe, responsible for both our Display and Computer Audio Video divisions, and for the future of the Sony Group.

Based in Brussels, our Assistant Manager - Planning and Control Assistant will fill two newly created positions: an Assistant Manager - Planning and Control Assistant and a Planning Assistant for Display and PC.

You'll be preparing and presenting monthly and quarterly reports and analyses on performance and budgets. You'll be completing profit-loss statements, as well as giving support to daily operational activities. You will be involved in general accounting processes and provide support on business operations. Successful implementation of new processes are necessary in the manufacturing, manufacturing sectors and the PC business.

We are looking for individuals with excellent qualifications in Business or Economics, a strong commercial awareness and with minimum 3 years experience (Control and Planning Assistant), or 3-5 years experience (Assistant Manager). Good English is essential, and you will need a strong team spirit and a team playing spirit that are essential in a multinational and fast moving organisation like this.

So, if you think you meet these requirements and have excellent PC skills, particularly in Excel, please send your CV to Diane Peigra at the address below. For more details about this and other Sony vacancies please visit our internet site: <http://www.topjobs.com>



SONY

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c.£100,000 + Car +
Bonus + Benefits

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THE GROUP

Coca-Cola needs no introduction: the most powerful global brand, with products sold in over 200 countries and a market capitalisation of \$130 billion, it delivers outstanding value for its shareholders and consumers.

THE OPPORTUNITY

A highly capable Finance Professional is required to join the Balkans Region Management Team, currently based in Milan, but soon to move to Belgrade. Reporting to the Region Finance Manager, you will work across the Region's four countries to develop Value Chain and Financial Analysis Processes by brand, package and channel to support the activities of the Brand and Marketing Operations Groups within The Coca-Cola Company itself, as well as the activities of The Coca-Cola Company's Bottling Partners in the Region.

THE CANDIDATE

The successful candidate will hold an appropriate qualification in Accounting and Finance (or an MBA) and have at least five years financial, budget and project management experience ideally gained within an international FMCG environment, in fast growing and highly competitive markets. Knowledge of GAAP and PC based financial evaluation tools and systems is required as are effective planning, organising and communication skills. Fluency in Serbo-Croatian and English is essential.

Interested candidates should send their CV together with details of their current salary, work and home telephone numbers to Jeff Price at ABPM, 9 Bailey Lane, Sheffield S1 4EG. Tel: 0114-278 0011. Fax: 0114-273 8384. Email: cc20f@abpm.co.uk. Please quote reference - cc20f.

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Finance Director

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Having already achieved compound growth of 70% per annum and net profit margins approaching 20%, our client, a rapidly expanding software solutions organisation (projected turnover in 1997 of £15m+) wishes to appoint a Finance Director to implement best practice fiscal management and arrange funding to support its next important phase of growth. In eight years, this privately owned UK company has established a strong blue chip client base and an enviable reputation and track record in a highly competitive market.

While holding full operational responsibility for all financial and legal aspects of the company, your primary focus will be at the macro level, working as a board member to conceive, then successfully implement, a corporate growth strategy. With the imminent launch of further "world class" products, you will be expected to play a crucial role in the successful expansion into North America and the rest of Europe.

A qualified ACA, ideally you will have proven knowledge of US and European accounting practices in a multi-product, multi-services, international environment. Corporate finance knowledge, together with a track

record of effective utilisation of company and external finances in an organisation experiencing rapid growth and change is essential.

The position has been created at a crucial point in the company's evolution and requires a committed individual with the drive and vision to contribute to the future of this highly successful organisation.

An excellent remuneration and benefits package, including share options, is available to complement this exciting role.

To apply please send your CV to our consultant, Paul Ballard, at Austin Knight UK Limited, Nelson House, 23-27 Moultham Street, Chelmsford CM2 0XG, quoting reference number CA08. Fax 01245 350498.

Alternatively for an informal discussion outside office hours, you may telephone him on 01703 553363 evenings/weekends.

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Continental Europe Planning Manager

Major FMCG Organisation

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Headquartered in the suburbs of West Paris, the Continental Europe Division accounts for approximately 60%, or £500million, of total sales and forms a highly autonomous division of a UK based organisation.

A recent restructuring has created the need to strengthen the Continental European operation with the appointment of a senior finance professional. Reporting to the Continental Europe Finance Director, the appointee will focus on the commercial finance aspects of the business. Specifically, this will include:

- Giving timely and insightful Financial Analysis to the Continental Executive Team
- Leading the budgeting and business planning processes, ensuring that all commercial developments are given rigorous financial appraisal
- Providing analytical challenge to the Country Finance Directors and Plant Accountants

- Reviewing major capital expenditure proposals
- Developing robust models to give maximum analytical focus within a pan-European environment
- Leading a small but high profile team of Business Analysts.

A qualified finance professional, you have gained an impressive record of achievement within an international consumer goods related environment. You are aged 30 to 40, target oriented and constantly striving for exceptional results. Your success to date can be attributable to high levels of commercial acumen underpinned by excellent financial and PC skills. Fluency in English and "hands on" financial experience within a mainland Europe base are prerequisites.

An attractive package and the potential to develop an outstanding career within a genuine meritocracy complete the opportunity. Interested candidates should contact Jonathan Jones at Jones Christopher enclosing your full CV and remuneration details. Please quote J/FT 3030 on all correspondence.

Initial interviews will be held in London and Paris.

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Jones Christopher, 4th Floor, Linen Hall, 152-158 Regent Street, London W1R 5TB. Tel: +44 (0) 71 306 3202. Fax: +44 (0) 71 734 6280.

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Bucks/London Border c.£40,000 + Car & Excellent Benefits

This is a rare opportunity for a commercially-aware qualified accountant to join the successful UK communications subsidiary group of a large international organisation. Turnover has doubled in each of the last three years and further significant growth both organically and through acquisition is anticipated.

Responsible to the Finance Director, you will liaise directly with senior Directors and Managers to ensure accurate and timely reporting to local management and the division's operational headquarters. This calls for a pro-active individual keen to play a vital role in the strategic planning, forecasting and budgeting for this dynamic group.

Age up to 45 years, with a flexible, self-motivated and thoroughly professional attitude, combined with strong communications skills, you will be seeking to develop your career in line with business growth. Salary will not be a limiting factor for the ideal candidate.

Write enclosing full CV and contact telephone numbers to Patrick Donnelly, quoting reference FT/157.

PD Consultants

23 Durlston Road, Kingston-Upon-Thames, Surrey KT2 5RR.

Financial Controller

THE PRODUCTION PLANT IS A SUBSIDIARY OF A HIGHLY SUCCESSFUL PRIVATELY OWNED U.S. SPECIALITY CHEMICALS COMPANY.

Your job will be to establish and maintain rigorous financial control to international accounting standards.

Fluency in Mandarin, manufacturing orientated accounting including standard costing and project costing expertise and experience as well as operating in relatively remote overseas locations are essential.

The package includes a negotiable salary, travel and living expenses plus comprehensive health cover.

If you feel you can meet the requirements please forward your CV together with an indication of package expectation to Sarah Jones, Macmillan Davies Hodes, 3rd Floor, 29 St Augustine's Parade, Bristol BS1 4UL. Closing date: 31st July 1997.

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A working knowledge of German or French will be to your benefit as will a knowledge of other languages. Admission to a Swiss Bar is not necessary, but an asset.

In addition, you should either have Swiss nationality or a C or B permit.

If you feel you are suited to this position, kindly send your application documents and CV to, or telephone, for a first contact,

Mr Carl Lunde, Haymann & Baldi,
Hottingerstrasse 17, 8032 Zurich, Tel. +41-1-262 10 10.



WORLD-LEADING TECHNOLOGY

Highly Commercial Finance Manager

Competitive package including bonuses, share options and relocation

Intel's record of success is outstanding. More than 80% of the world's PCs use Intel microcomponents, turnover in 1996 rose by 29% to \$20.8 billion - the seventh consecutive year of record revenue and earnings - and manufacturing performance was superb. Meeting continued demand for innovative products, Intel's 1997 results are on track to set new records.

Pursuing further global growth, Intel is seeking a dynamic, commercial Finance Manager to take responsibility for leading and driving IT finance issues throughout Europe and internationally. Working cross-functionally with sales, marketing, technology and manufacturing groups, the role is highly customer-focused. Working with analysts at four different sites worldwide, the Finance Manager will drive the implementation of process improvements and make business recommendations whilst ensuring financial integrity and maximum return on investment.

With approximately six business trips per year to Intel's operations in Europe, the US and other international locations, essential attributes are mobility, flexibility and the ability quickly to develop strong business relationships and a thorough understanding of operational needs. Excellent analytical skills are therefore

essential together with a commercial mindset and strong communication ability. Candidates should have at least four years' relevant experience and either be qualified accountants or have recently gained an MBA degree.

Based at Intel's European Head Office in Swindon, there will be considerable exposure to senior management both in Europe and the US. For individuals able to seize and capitalise on the opportunities offered by dynamic global growth, the prospects for career progression are exceptional. The salary and benefits package, which includes bonuses, share purchase scheme, car allowance and relocation assistance, is pitched to attract and retain individuals of the highest calibre.

Interested applicants should post or fax their CV, including salary details and quoting ref: 222 to Alderwick Consulting at the address below. For more information, telephone (+44) 171 242 9191 (weekdays) or (+44) 171 278 6475 (evenings and weekends).

Any CV sent direct to Intel will be forwarded to Alderwick Consulting Ltd.

ALDERWICK CONSULTING

SEARCH & SELECTION

96 PETER LANE, LONDON EC4A 1EP. TELEPHONE (+44) 171-242 9191 FAX: (+44) 171-242 9590

Divisional Finance Role

Solihull, West Midlands

Salary Negotiable + Car and benefits.

Bryant Homes Central, a division of Bryant Homes, with a turnover approaching £150m requires a dynamic individual to work closely with the Managing Director, lead a proactive finance function and take full responsibility for the integrity and quality of the division's financial management reporting and internal controls.

Ideally 35+ a qualified graduate accountant, IT literate and systems aware the position holder must have demonstrated proven management success. Candidates will have the ability and strength to take and influence commercial decisions in a demanding business.

Well developed interpersonal and leadership skills with a positive 'hands on' approach are essential.

A comprehensive and attractive remuneration package is offered. To apply, please write with a full CV, details of current salary to:

John Dennison, Bryant Homes plc,
Cranmore House, Cranmore Boulevard,
Solihull, West Midlands. B90 4SD



Financial Controller

Number 1 in Finance

Central London

c £45,000 + Bens

Our client is a highly successful jewellery manufacturer and distributor, supplying to major multiple outlets and independent retailers. Established for 18 years, the company has recently experienced rapid growth and is now poised to take advantage of further business opportunities.

As a result of this exceptional growth, an opportunity has now arisen for a high calibre Financial Controller to join the management team. Reporting directly to the MD, you will take full control of the finance and administration functions. Major initial responsibilities will include implementing a new computer system throughout the company and providing a regular source of management information

to help drive and manage further growth. You will also play a full role in the strategic development of the company.

The ideal candidate will be a young qualified accountant with very hands-on ability within small businesses. You will have strong systems skills as well as an appreciation of business and cost issues within a dynamic growing concern. Most importantly, you will be able to deal at all levels within and outside the company.

If you believe you have the above qualities, please send your curriculum vitae to Andrew Bentote, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN or alternatively fax on 0171 831 2612.



Michael Page Finance

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London Bristol Birmingham Edinburgh Glasgow Leeds London Luton
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Financial Controller

Manufacturing

Hampshire Coast - to £45,000 + bonus + car

Our client is a major international business manufacturing and distributing products within a niche sector and operating on a world wide basis. To ensure its continuing success, a period of major change is planned which will include a substantial commitment to investment in technology and product development.

As a member of the manufacturing management team, the Financial Controller will be expected to play a key role in the development of the manufacturing strategy. Particular emphasis will be placed on the creation of costing systems to provide pertinent management information in order to facilitate decision making issues such as "Make vs. Buy", product development etc. The individual will also be responsible for the budgeting and forecasting throughout all the factories.

Candidates should be qualified accountants, probably in their early 30s, with strong IT skills who have already gained considerable experience of costing and have been involved in commercial

decision making. A second European language would be useful, but is not essential.

The current size and future development plans of the business are such as to be able to offer longer term career development.

Some assistance towards relocation will be made if appropriate.

Please send your curriculum vitae with current salary details and an explanation of how you meet these requirements to Paul Modley, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, or by email to pmodley@ecm.ernst.co.uk quoting reference PM138.

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FINANCE DIRECTOR

MOMART

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**c £40,000 + Share Options
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THE COMPANY

An unrivalled market leader and the largest company of its kind in the UK, Momart specialises in handling, shipping and storing fine art on a worldwide basis. With a strong focus on high quality customer service, Momart's reputation is based on a deep appreciation for and knowledge of fine art in all its forms. Ambitious plans for the future, include expansion of existing services, organic growth and acquisitions.

THE ROLE

The Finance Director, a member of the senior management team, will manage six staff and be responsible for the financial development of the company as it grows. Broad ranging management and financial accounting work, working capital, cash management and company secretarial duties, all requiring a 'hands on' approach, will be mixed with detailed business planning, strategic analysis and systems development.

THE CANDIDATE

A qualified accountant with commercial experience you will have a detailed technical knowledge combined with the commercial understanding necessary for this high profile strategic role in an expanding business. Excellent computer knowledge is essential, but your interpersonal skills will also be crucial. You will need to be proactive, energetic and forward thinking but also down to earth and, whilst it is not essential, an interest in fine art would be a distinct advantage.

Interested applicants should send a copy of their CV to Richard Clark or Chloe Fotheringham at Douglas Llamias Associates PLC, 10 Bedford Street, London WC2E 9HE. Tel: 0171 420 8000. Fax: 0171 379 4820. Email: info@llamias.co.uk



DOUGLAS LLAMIAS ASSOCIATES
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Water Supply Industry

Financial Controller/Company Secretary

SURREY

C £45,000 + CAR

Our Client is part of the Générale des Eaux Group, the world's leading provider of utility related services. The company serves over 400,000 customers and has 200 employees and an annual turnover of £30 million. The current post holder will shortly undertake a long term secondment and we are therefore seeking an exceptional candidate to cover this position.

Reporting to the Managing Director, the appointee will manage six staff and be responsible for all aspects of financial management including statutory and regulatory reporting, management accounting and budgetary control. The Financial Controller will also manage the Customer Services Department and will provide financial support to Senior Management on regulatory issues.

Probably a graduate with appropriate accounting qualifications and a strong exposure in IT, the successful candidate will be able to demonstrate at least ten years' experience of financial management within customer focused businesses. The post encompasses the Company Secretarial function and therefore administrative skills are a prerequisite. The appointee will be an inspirational manager with the personal and professional qualities to operate effectively in a regulated environment.

Please write in confidence, with full career details, to Geoffrey Mather, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote ref: 63742.



HEAD OFFICE LONDON

TEL: 0171 487 5000

11 OFFICES NATIONWIDE



Nous recherchons pour notre Direction des Etudes Economiques :

3 Economistes Seniors

Un Economiste Senior dans "l'Equipe Risque-Pays" (ref. ERM)

Vous effectuerez des analyses transversales et réaliserez des travaux de recherche approfondis (méthode de scoring...). Vous assurerez le suivi de quelques pays émergents (analyse, prévisions, diagnostic du risque) et seconderez le responsable dans l'encadrement d'économistes juniors.

Un Economiste Senior en charge de l'Economie française (ref. EF)

Vous effectuerez des travaux de recherche approfondis dans plusieurs domaines concernant la France (situations financières des entreprises, les politiques budgétaires...) et réaliserez des analyses, des prévisions.

Un Economiste Senior dans l'Equipe "Questions internationales, monétaires et financières" (ref. QIMP)

Vous effectuerez des travaux de recherche approfondis dans plusieurs domaines (formation des prix, des actifs financiers, de la courbe des taux d'intérêt...) et réaliserez des analyses, des prévisions sur plusieurs pays industrialisés à partir d'outils quantitatifs.

Au sein de ces 3 postes vous participerez à des travaux écrits (publications externes et internes) ainsi qu'à des présentations orales.

Diplômé de l'ENSAE et/ou d'un troisième cycle en Economie ou Finance, vous justifierez d'une expérience d'au moins 3 ans au sein d'une banque ou d'une administration économique. Vous maîtriserez parfaitement l'anglais et disposez de très solides connaissances économiques. Capacités rédactionnelles, esprit de synthèse, sens du travail en équipe sont des qualités indispensables pour réussir dans ces fonctions.

A la BNP, en allant de l'avant vous avez de l'avenir.

Merci de nous adresser votre dossier de candidature (CV + lettre manuscrite) en précisant la référence du poste choisi à BNP. DRH Recrutement - 80 rue Talbot - 75442 PARIS Cedex 09.



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Hays Accountancy Personnel's sister company has been established in South Africa since November 1995. We specialise in identifying superior career opportunities for South African professionals whom have gained international business exposure and would like to join the leading domestic or international investment banks, fund managers and blue chip corporates in South Africa.

The reintegration of South Africa into the global market economy has created a dynamic and exciting phase of growth within the financial services sector. On behalf of our international investment banking clients and together with 'Standard Corporate and Merchant Bank' and 'Coopers & Lybrand Treasury and Asset Management Consulting' the director of our South African operation will be hosting a seminar in London on career opportunities available in Cape Town, Johannesburg and Durban. Financial services consultants from the City of London markets will also be on hand to advise you.

To reserve your place at the seminar or to simply discuss opportunities in South Africa please call Georgia Malien or Cassandra Finlay on 0171 224 4988. Fax: 0171 486 6903. Alternatively contact Edward Stokes in South Africa Tel: 002711 320 0833. Fax: 002711 320 0870.



WORLD-LEADING TECHNOLOGY

Business-focused European Audit Manager

Outstanding package including bonuses, share options, fx car

Intel's record of success is outstanding. More than 80% of the world's PCs use Intel microcomponents, turnover in 1996 rose by 29% to \$20.8 billion - the seventh consecutive year of record revenue and earnings - and manufacturing performance was superb. Meeting continued demand for innovative products, Intel's 1997 results are on track to set new records.

In this dynamic environment, the Internal Audit Manager works with European businesses across all functions, addressing risk issues and providing the training required to implement best practices. Leading a highly-motivated team, the Manager co-ordinates financial, operational and internal control reviews within Intel organisations in Europe, Africa and the Middle East. The focus of the role is identifying risk, selling ideas and solutions, adding value and acting as an evangelist for the department throughout Intel's operations.

Combining leadership with technical ability, this highly autonomous role requires an excellent communicator with high energy levels and well-developed people skills, able to thrive in Intel's fast-paced environment. Because of the commercial nature of the role, applicants could be either qualified accountants or

MBAs. Significant finance experience gained either in practice or industry and proven expertise in people and project management are essential.

Reporting to Europe and the US, exposure to senior management will be substantial. Based at Intel's European Head Office in Swindon, the role involves 40-50% travel, with regular liaison with the company's US operations. For candidates who are able to seize and capitalise on the opportunities offered by dynamic global growth, the prospects for career progression are exceptional. The salary and benefits package, which includes substantial bonuses, share allowance, options, relocation assistance and a fully expensed car, is pitched to attract and retain the very best finance talent available.

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EXECUTIVE CONNECTIONS

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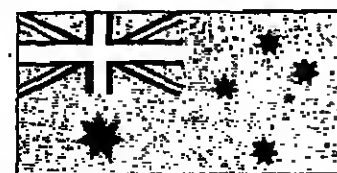
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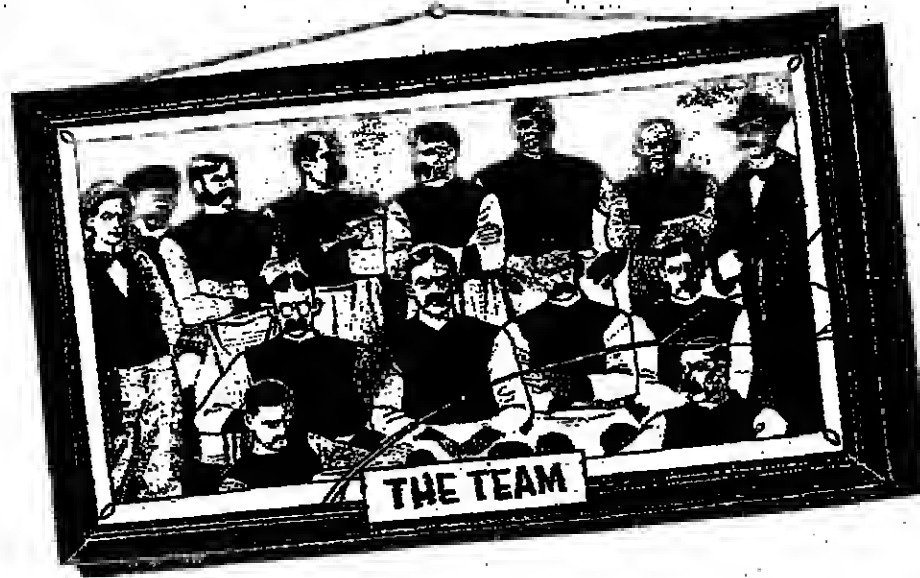
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MANAGEMENT

Teamwork's own goals

Victoria Griffith looks at the limitations of applying teamwork methods in the workplace



Teamwork has become a buzzword of 1990s management theory. By grouping employees into problem-solving taskforces, say the theorists, companies will empower workers, create cross-departmental fertilisation, and level ineffective hierarchies.

Yet executives know that, in reality, teams and taskforces do not always produce the desired results. Part of the problem may be with the way teams are organised. Members may fail to work well together for several reasons, from lack of a sense of humour to clashing goals.

Academics in the US have been studying team dynamics to try to identify problems. Some of the most common mistakes include:

● Too much emphasis on harmony. Teams probably work best when there is room for disagreement. Michael Beer, a professor at Harvard Business School, says: "Team leaders often discourage discord because they fear it will split the team."

He studied teams at Becton Dickinson, the medical equipment group, in the 1980s, and found that efforts to paper over differences sometimes led to bland recommendations by taskforces.

One working group at the company, for example, said the division's overall strategic objective was "fortifying our quality, product cost, and market share strengths, while also transforming the industry through expansion."

But what use is this approach to companies trying to make radical changes to their organisations? Do scorecards and measurement frameworks help or hinder?

These questions have just been investigated by Keith Ruddle and David Feeney of Templeton College in Oxford. They interviewed 23 big companies including Legal and General, SmithKline Beecham, Coats Viyella, International Business Machines, Honda and Thames Water, all of which were under-

going some sort of change. One of the study's main conclusions is that companies become fixated with their "old" measures - mainly those of short-term financial targets. This holds them back when they should be looking at broader issues, such as employee behaviour, skills, or infrastructure that may become strategically important.

"All participants expressed the opinion that with hindsight, a broader measurement focus earlier might have influenced the success or pace of change," the authors said.

One manager from a consumer products company said "[We] could have done it in six years rather than 15, given what I know now - do more things at

once and start with the customer." Another said: "The whole behaviour and values problem is something I should have paid attention to earlier."

The study found a correlation between companies that had changed successfully (nine out of the 23) and those which used broad-based measurement systems. About 80 per cent of the more successful companies, compared with less than 40 per cent in the rest, used broad "transformation scorecards" to monitor and assess progress.

The measurement frameworks and scorecards models tended to be loosely based on one of the following:

- A broad stakeholder-based approach, such as described in

the 1995 study on Tomorrow's Company by the Royal Society of Arts.

● Frameworks provided by the European Foundation for Quality, which cover a broad spectrum of measures.

● Use of "balanced scorecards", suggesting that performance should be measured in terms of the financial perspective, the customers' perspective, the internal business perspective and innovation and learning.

Using and adapting these models requires skill and experience. "To most boards and chief executives these approaches represent an experimental and unproven set of tools... It is not clear how they are best used by leaders having to grapple with turbulent periods of change

where radical strategic shifts are needed."

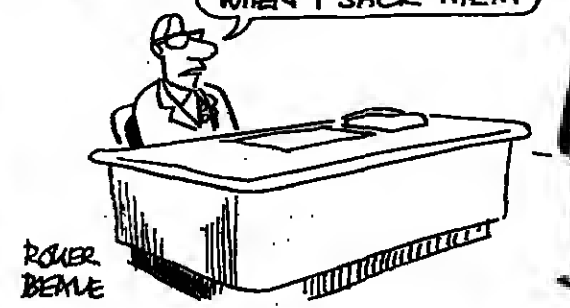
Part of the problem is that some of the "softer", non-financial measures are the most difficult to monitor - such as employees' behaviour, teamwork and customer satisfaction. The study noted, however, that employee attitudes were increasingly measured by surveys of morale and satisfaction and opinions; while leadership and team behaviour could be measured by "360° appraisals".

One of the most difficult areas was innovation and learning. But a small number of companies were tackling this by measuring customers' perceptions of innovation, use of open learning centres by employees, number of improvement opportunities generated by each employee and the proportion of employees working on innovation projects.

The study also points out that measures must be relevant, practical and restricted to the absolute minimum necessary.

Given the complexity of some of these issues, it is perhaps unsurprising that companies tend to focus on the things that are easy to measure. "In spite of

IT'S VITAL WE MONITOR STAFF MORALE DURING THIS PERIOD OF RADICAL CHANGE - I WANT PEOPLE SMILING WHEN I SACK THEM



ROGER BEAUME

says Beer. "Members can be expected to be loyal to their bosses, and if their bosses have very different priorities, there will be little common ground."

● Meeting-itis. Teams should not try to do everything together. Excessive time spent in meetings not only means wasted hours, it also means the group will be exposed to less diversity of thought. "If everyone goes in with prepared thoughts and ideas, developed on their own, discussion will be lively, and the group will have more options," says Kahway. "If everything is done together, a couple of lead people may end up running the show."

Kahway warns that too much homogeneity in teams can also stifle creativity.

● Seeing teams as the solution for all problems. Bourgeois says he is working with a corporation that expects its country managers - who are scattered all over the world - to work as a team. "They have very little contact and they don't share the same goal, except in the very vague sense of serving the same corporation," says Bourgeois. "It's silly to see them as a team."

Moreover, there are probably some tasks that are more readily accomplished by individuals, rather than groups. "You probably don't want to have a group decision when you're landing an aircraft at Heathrow," he says. "Sometimes a project is best carried out by a single person."

Wider picture provides the best score

Broad measures are best when implementing change, finds Vanessa Houlder

The idea that "what gets measured gets managed" is now an established part of management thinking. Companies try to monitor every aspect of their business that makes a difference.

But what use is this approach to companies trying to make radical changes to their organisations? Do scorecards and measurement frameworks help or hinder?

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A PEARSON COMPANY

سكا من الامم

The enfant terrible of French theatre has turned into a baby cool (old lefty; the clown has taken to the classics. "When I was 20 I used to say that people who were getting old should leave space for the young," says Jérôme Savary, "but now that I'm ageing, I find I need the space as much as ever. I still have a lot of fun, I still take risks."

Savary, 55, is sitting outside the staff pub at Glyndebourne, an unlikely bolthole for one of Europe's great farceurs. He has come to the Sussex Downs to stage Rossini, his first UK engagement since his Grand Magic Circus visited London in the late 1960s. And he admits to a degree of culture shock. Cut off from his Paris base at the Théâtre National de Chaillot, he likens Glyndebourne to a holiday camp, and says the only reason he has been able to concentrate is because "sex seems totally absent from this country."

Will Savary make up for it in *Le comte Ory*, Rossini's comedy of cross-dressing and gender confusion, which opens on Sunday. "There will be no public hair," he confides, noting that he must respect the propriety not only of Glyndebourne audiences but of television viewers in Japan, who can follow the live relay on August 9. So the risqué element will be confined to a few topless girls.

As anyone who has seen his music hall spoofs or Offenbach stagings will know, Savary has a gift for comic extravagance. He places the libretto of *Le comte Ory* in the French pantomime tradition (lawd fable), "but I hope nobody will say it's vulgar. For me, vulgarity is a Cartier bag. I may be known for making revolution in plays, but in opera I'm shy, because I don't like to disorganise the score. I want to make people laugh, but only during the recitatives and interludes."

Savary summarises the message of *Le comte Ory* as "Make love, not war". It could be the motto of his own life. The son of a French pacifist who emigrated to Argentina, Savary went to France when he was six and left school at 13. At 17, he crossed the Atlantic again to live in a Greenwich Village garret and practise as a painter. He was mad on jazz, met most of its stars and worked as a chauffeur for Charlie Parker's widow. After military service and a



Savary takes on Glyndebourne: 'I hope nobody will say "Le comte Ory" is vulgar. For me, vulgarity is a Cartier bag'

From circus to opera

Andrew Clark meets Jérôme Savary, enfant terrible of French theatre

spell as a cartoonist in Argentina, he returned to Paris in the mid-1960s and formed his own travelling theatre troupe, the Grand Magic Circus.

Photographs of Savary in his Magic Circus days show a dangerously good-looking seducer. He would attract audiences off the street with his zany ringmaster act, then relax backstage with a cigar in his mouth and a girl on his arm. A mixture of pantomime, musical, improvisation and satirical revue, the Magic Circus made Savary's name. It demonstrated a flair for the essentials of theatre, a sense of the outrageous and a strong exhibitionist streak.

In the intervening years, Savary has become one of the most respected figures in French theatre. His style remains much the same, and his private life just as colourful, but his 10 years at the Chaillot have revealed a seriousness behind the bare-cheeked gaudiness. When he took it over, it was playing to empty houses. It now regularly sells out, and is widely hailed for its enterprising repertoire. Recent seasons have included John Ford's *'Tis Pity She's a Whore* and Brecht's *Arthur* with night club performer Guy Bedos in the title role.

Despite these successes, Savary feels little in common with French classical

tradition. "I have a style which comes from being self-taught. I started in the street and it gave me an artisan's spirit. I'm as happy staging a rock concert, an ice show or the fashion parade at Galleries Lafayette. What I say to my critics is that my name is Savary. If you don't like my style, you will always be disappointed."

That style can make heavy going of Shakespeare, but even Savary's detractors have difficulty picking holes in his operatic work. His *Cenerentola* was both poetic and hilarious. *Attila* was a hit in Milan. He still works with a core of old colleagues from his Magic Circus days, including Alain Poisson,

lighting designer for *Le comte Ory*. He returns to Buenos Aires for *Macbeth* next April, and a touring production of *La mascaïte*, a late 19th century opera *bouffe* by Edmond Audran, is promised for the 1999 Edinburgh Festival.

No one understands the mechanics of French opera better than Savary. His Offenbach combines frenzy and irresistible *folie*, often to the point where audiences find themselves weeping with laughter. But it's a genre that Anglo-Saxon directors have found peculiarly elusive. Would he care to share a few secrets?

Savary takes another long puff at his cigar. "You have

to understand that French opera is a mixture of refinement and bawdiness. When Offenbach came from Cologne, he brought something of the carnivalesque with him. It should be a bit like champagne - light and not too meaningful. To understand Offenbach you have to be slightly Dadaist, a combination of the surreal and the burlesque - something for which the English are not famous. The big mistake is to try to make literal sense of every word. Instead, let the music drive the action into madness."

A bit like Rossini? Glyndebourne audiences will find out over the next few weeks.

With New York City Ballet it has received a less opulent reading - all white in look, and sometimes in manner. In John Taras' splendid production for Petersburg, the colour is returned (it ought to revert to its original title) and it looks far more like the Paris version.

It has handsome costumes by Irina Press, and it is cast from strength. Yuliana Lopatkina is a miracle of adagio grace in the second movement, her line drawn by Ingres; Irma Nioradze deploys a sensuous grandeur in the opening movement. The Kirov artists do it marvellously well, Balanchine and Petipa united. It is the lightest of soufflés made by the greatest of cooks, and it is ambrosia.

The Kirov Ballet season continues, with mixed repertoire, until August 9 at the Coliseum.

Theatre / Ian Shuttleworth

A cheerful divorce

Sandy Wilson recently attributed the relative failure of the original opening of *Diorella Me, Darling!* - his sequel to *The Boy Friend* - to the fact that "The winter of 1968 really wasn't the moment for an affectionate look at the 50s". Not much has changed in that respect with regard to its first revival since then, directed at Chichester by Paul Kerryson.

The show is cheerful fluff, packed with musical numbers which inhabit the horridland between pastiche and parody (even the Nice Hotel, where most of the action takes place, is the ambiguously pronounced Hotel du Paradis), overstuffing plot lines (six or seven distinct strands are immediately discernable) and, on this outing, equally generously crammed with big musical-theatre names.

Ruthie Henshall as Polly, whose semi-innocent evocation of old flame Bobby (Tim Flavin) proves rather too successful at kindling jealousy in their respective spouses, is the nearest thing we have to a new Julie Andrews. Bright, talented and wholesome as such, despite the warm regard in which the audience holds her, she is regularly upstaged by practically anyone who cares to... and several do.

Jack Tripp inserts more than a modicum of comic business into the role of Lord Brockhurst, but is a model of discretion compared to Joan Savage as his health-and-efficiency-minded wife. Simon Butteriss bumbles effectively as their nephew Freddy, while Mart Webb and Linzi Hatley are under-used in supporting roles as Bobby's husband-

busting sister and the hotel receptionist.

Rosemarie Ford, as Bobby's wife Maisie, inexplicably appears in a pantomime principle-boy costume for the final number, and even Peter Edbrook plays what is little more than a cameo as the president of the South American republic of Monomania as if he were Orson Welles. Edbrook is either being economical with the truth in claiming in his programme biography that he appeared in D.W. Griffith's silent classic *Intolerance*, or he is much older than he looks.

The *grande dame* laurels, though, go to Liliano Montevacchi as Polly's stepmother, working pseudonymously as a cabaret singer. Montevacchi vamps her way through "Blondes are for Danger" and appears in an enormous feather box which suggests an entire continent of exotic birds are flapping around bald somewhere.

Kerryson's direction follows Wilson's script in not exactly going consistently over the top, but certainly bobbing its head repeatedly over the parapet, and Hugh Durrant's set is an Art Deco dream. Period references are impeccable - a micky-take of Cole Porter's "You're the Tops" includes the line, "You're a Hulbert flick", and Polly's husband's line about taking a flight from Croydon gains a laugh from a generation unacquainted with London's first airport - but the overall impression is less one of rediscovers a neglected treasure than dusting off a curio.

In repertory at Chichester Festival Theatre, until September 27 (01243-781312).

Jazz / Garry Booth

A blow-a-thon

On paper it looked like the dream team: pianist Herbie Hancock fronting state-of-the-art bebop impressionists tenorist Mike Brecker and guitarist John Scofield at the Festival Hall, all backed by the superior rhythms of bassist Dave Holland, drummer Jack DeJohnette and percussionist Don Alias. But what should have been a masterpiece in effortless interplay and improvisation was instead more like the musical equivalent of Saturday afternoon tag wrestling.

Of course, these guys individually are the most fluent and agile of jazz communicators. But in the ring together as The New Standard All-Stars, they seemed to lose all grace and sense of purpose.

Introducing the first number, Don Henley's "New York Minutes", Hancock said they had worked out the arrangement by destroying the original and then sticking the pieces back together. This much rang true and the bustling, decorated blow-a-thon that followed bore little resemblance to anything the Eagles ever intended.

The routine changed little for the sequence of non-standards to follow. The Lennon/McCartney ballad "Norwegian Wood" was deconstructed into a coarse choral-swinging session between Scofield and Brecker; Peter Gabriel's "Mercy Street" was first attacked by drum and percussion, pummelled into an uneven groove by Hancock and finally had the life wrung out of it by Brecker. The Prince piece, "Thieves In The Temple", quickly degenerated into an over-long and indulgent heavy-metal wig-out.

Brecker and Scofield are masters at using pedal effects and harmonic distortion to make a subtle point, so it was doubly disappointing to find them disappearing up improvisational cloud-cascades, as they did on Tuesday. Hancock's contribution was tantalisingly meagre and mostly overwhelmed by the antics of his sidemen.

The London concert came at the end of a 17-date, 19-day tour of Europe so the group can be forgiven for feeling battle fatigue. But the fusion faithful - and they were out in force - deserved better than this.

Ballet / Clement Crisp

A Giselle of rare promise

There are those rare moments of recognition in the dance theatre when you know you are in the presence of an extraordinary new talent. Sometimes the frisson comes with the first steps by a young dancer - I think of Baryshnikov and Solovoy, of Darcey Bussell, of Makarova and Seymour, who had but to move and the great gift spoke. Sometimes it is a mere outline - the youthful Semenyaka standing in fifth position, a first Bournonville pose by Lis Jeppeson - which trumpets the good news. So it was on Wednesday night with the appearance of Svetlana Zakharova in the Kirov *Giselle* at the Coliseum.

She came out of the cottage, a young girl, beautiful in face, delicate in physique, and made her first steps to meet her lover. And she was *Giselle*. Every critical

response I possess started to argue. "She looks the part - but how deceiving such looks can be. She can dance, certainly, and she's superbly trained, but many a girl could pull off this scene and still not be a *Giselle*. When Makarova made her debut here, you could sense the physical and emotional genius at once..." And so on. But within a minute I was convinced, not just by the ravishing physique. Here was a *Giselle* of the most touching simplicity, of unaffected truthfulness, of musical grace, of rarest promise. Here, delicate in physique, is a great *Giselle* for the next decades.

What Zakharova shows -

and she is barely more than a year out of the Vaganova School - is a phenomenal rightness for this "holy" ballet (Karsavina's phrase). She renews the old language, the old conventions, the hallowed traditions of her school and company, through superlative training and an innate, God-given sensibility. We watch her as *Giselle*, and know what the ballet is about, both historically and aesthetically. We believe, totally, in *Giselle* as a tragedy, as a marvellous survival of Romanticism and, significantly, as touchstone of the highest dance artistry. (The previous night I had seen it turned into a study in corpse-washing by

Yulia Makhmalina, whose main contribution to interpretation was pearl white nail-varnish - so usual among Thuringian peasantry in Olden Times.)

On brute matters of technique, Zakharova passes every test. The first act variation was delicately done, those horrid hops on point feather-light. All the examination questions of Act 2 - is the jump airy? - were phrased with flying colours. (My one reservation concerns over-high, six o'clock extensions in the adage: gymnastics is not dance.)

Most important, the *idea* of *Giselle* as peasant and will was sustained, illuminated.

She lived the part, and we lived it with her. I salute her unreservedly.

Her Albrecht was Igor Zelenky, and he was an ideal partner and complement to her playing, simple and noble in all things. The *corps de ballet* of willis were superlative: united in style, harmonious in training, they breathed, moved, existed as one.

Preceding *Giselle* came a happy bonus - Balanchine's sun-filled realisation of Bizet's youthful *Symphony in C*. I saw it when it was created at the Paris Opera as *Le Palais de cristal* in 1947. Then it had a multi-coloured setting, and multi-faceted artistry from its principals.

With New York City Ballet it has received a less opulent reading - all white in look, and sometimes in manner. In John Taras' splendid production for Petersburg, the colour is returned (it ought to revert to its original title) and it looks far more like the Paris version.

It has handsome costumes by Irina Press, and it is cast from strength. Yuliana Lopatkina is a miracle of adagio grace in the second movement, her line drawn by Ingres; Irma Nioradze deploys a sensuous grandeur in the opening movement. The Kirov artists do it marvellously well, Balanchine and Petipa united. It is the lightest of soufflés made by the greatest of cooks, and it is ambrosia.

The Kirov Ballet season continues, with mixed repertoire, until August 9 at the Coliseum.

INTERNATIONAL
ARTS GUIDE

■ AVIGNON

THEATRE
Avignon Festival
Tel: 33-4-9014 1414
● *Chambre d'Hôtel* dans la Ville de Nîmes, adapted from Gogol and directed by Valeri Fokine; at the Usine Volpout; Jul 18, 20, 21, 22
● *KL du "Crime"*, adapted from Dostoyevsky's novel by Danil Gulnik. Karna Guinikas directs; Oksana Mishina stars; at the Usine Volpout; Jul 18, 20, 21, 22
● *Amphitryon* by Molière. One of two productions brought by Anatoli Vassiliev as part of a Russian season. Cast includes Valérie Dréville; at the Eglise des Célestins; Jul 21, 22

■ CHELTENHAM

CONCERTS
Cheltenham Festival
Tel: 44-1242-227979
BBC National Orchestra of Wales, conducted by Tadeusz Chelcowski in works by Brahms and Beethoven, and a new work by Julian Anderson; with violin soloist

Raphael Oleg; at the Town Hall; Jul 20

■ DROTTHINGHOLM

OPERA
Drottningholms Slottsteater
Tel: 46-8-4570600
Euridice by Jacopo Peri. Swedish premiere. Produced by Karl Dunér, designed by Peder Freil, with the Drottningholm Theatre Orchestra conducted by Jakob Lindberg; Jul 18

■ GRAZ

CONCERTS
Styriarte Festival
Tel: 43-316-825000
Handel's *Fireworks*: Jordi Savall conducts the Concert des Nations in the festival's final concert: Purcell's *Fairy Queen Suite* and Handel's *Musik für die Royal Fireworks*; at the Stefanienplatz; Jul 20

■ LONDON

CONCERTS
BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
● Bernard Haitink conducts the BBC Symphony Orchestra, Chorus and the BBC Singers in Beethoven's *Mass Solemnis*; Jul 18
● Nicholas McGegan conducts selections from Mozart and Schubert's one-act opera *Die Verschworenen*, performed by the Orchestra of the Age of Enlightenment. Soloists include soprano Hillevi Martinpelto; Jul 18
● World premiere of a new work by Michael Gordon and UK

premiere of John Adams' *Scratchband*, plus music by Steve Reich, Lou Harrison, Philip Glass and Frank Zappa. Performed by the Ensemble Modern and conducted by John Adams; Jul 20

■ DANCE

London Coliseum
Tel: 44-171-632 8300
● The Kirov Ballet: *The Sleeping Beauty* - casts vary; Jul 18, 19
● The Kirov Ballet: *Swan Lake* - casts vary; Jul 21, 22

■ MONTREUX

JAZZ
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A Gala Night will provide the conclusion to the two-week festival of jazz and related disciplines; at the Auditorium Stravinski; Jul 19

■ NEW YORK

Lincoln Center Festival 97
Tel: 1-212-875 5030
CONCERTS
● New York Philharmonic at the Avery Fisher Hall. Music director Masur's 70th birthday is to be celebrated in a programme of popular favourites. With Anne-Sophie Mutter and other guest artists to be announced; Jul 18
● New York Philharmonic at the Avery Fisher Hall. Kurt Masur directs a programme exploring counterpoints to Wagner, featuring the rarely performed Mendelssohn *Oratorio Die erste Walpurgisnacht* and the Brahms *Violin Concerto*; Jul 18, 20

OPERA
Palastina: by Hans Pfitzner - the Metropolitan Opera House is the setting for the New York debut of London's Royal Opera and US premiere of Pfitzner's opera, which tells the story of 18th century composer Giovanni Pergolesi da Palestrina. Tenor Thomas Moser leads a cast of more than 40 in this production, seen at Covent Garden earlier in the year. The conductor is Christian Thielemann; Jul 21

■ ROME

CONCERTS
Accademia Nazionale di Santa Cecilia Tel: 39-6-8880 1044
European Union Baroque Orchestra: conducted by Roy Goodman in a programme of works by Vivaldi, Telemann, Bach, Quantz, Heinrich and Rameau; Jul 18

■ EXHIBITIONS

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■ SALZBURG

THEATRE
Salzburg Festival
Tel: 43-662-844501
● Jedermann; by Hugo von

Hofmannsthal. Revival of Gernot Friedel's production, designed by Imre Vincze; at the Domplatz; Jul 20
● Der Alpenkönig und der Menschenfeind; by Ferdinand Raimund. Revival of Peter Stein's production, with sets by Ferdinand Witzgasser. With music by Wenzel Müller; at the Landestheater; Jul 22

■ SANTA FE

OPERA
Santa Fe Opera
Tel: 1-505-986 5900
● La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demimonde. Christopher Larkin conducts; Jul 18
● Arabella: Janice Watson sings the title role of Strauss's opera, in a new production directed by John Cox. The conductor is John Crosby; Jul 19

■ SCHLESWIG-HOLSTEIN

CONCERTS
Musica Festival
Tel: 49-431-567080
● The Festival Orchestra: performs a programme including works by Mendelssohn and Brahms. Conducted by Hartmut Haendchen, with violin soloist Miriam Fried; at the Musiktheater, Hamburg on Jul 20 and at the Theater, Itzehoe on Jul 21

■ TANGLEWOOD

Tanglewood Festival

Tel: 1-617-931 2000
CONCERTS
● Seiji Ozawa conducts the Boston Symphony Orchestra in works by Tchaikovsky, Mozart and Beethoven. With piano soloist Peter Serkin, baritone Mark Oswald, and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 18
● James Conlon conducts the Boston Symphony Orchestra in a programme of works by Britten, Stravinsky and Mahler. With violin soloist Itzhak Perlman, tenor John Aler, and the Tanglewood Festival Chorus conducted by John Oliver; the Shed; Jul 19

OPERA
Les Mamelles de Tirésias: this fully-staged production of Poulenc's opera, directed by David Krauss, is preceded by two vocal chamber works by Ligeti: performed by the Tanglewood Music Center Vocal Fellows and Orchestra, conducted by Seiji Ozawa; at the Theatre; Jul 19

■ VERONA

OPERA
Arena di Verona
Tel: 39-45-800 5151
● *Aida*: by Verdi. Conducted by Nello Santi in a staging by Gianfranco de Bosio. Casts vary; Jul 18
● *Carmen*: by Bizet. Conducted by David Gimenez. In a staging by Franco Zeffirelli. Agnes Baltsa and José Carreras recreate their famous double-act on Jul 19, 22 & 25

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Financial Times Business Tonight

COMMENT & ANALYSIS



Philip Stephens

Labour in the dock

The UK home secretary must launch a braver campaign to change the public mood in tackling the prisons crisis

To wear an expensive watch in London's fashionable districts is to issue an invitation to be beaten and robbed. To get caught in the traffic snarl-ups on the west side of town during the weekend exodus to the country is to risk an encounter with the young men who make a living snatching bags from grid-locked cars. We're tough on crime, say the politicians. Leave your Rolex at home, say the police.

I exaggerate. Not by much. Of course, London is not as bad as Miami, where Gianni Versace was gunned down this week outside his opulent ocean-front mansion. But there are other parallels across the Atlantic. To resounding popular applause, both countries have been filling their jails as fast as they can. Prison works, Michael Howard, Britain's last home secretary, used to say in studied imitation of the American way of punishment.

Tell that to the victims. Or to Jack Straw. The New Labour government promised to be every bit as unforgiving towards villains as its predecessor. Now he has Mr Howard's job. Mr Straw is picking up the price tag for this pre-election populism. In opposition, he mocked Mr Howard's decision to anchor a rusting American prison ship off England's south coast. Now his officials are scouring the seas for as many floating jails as they can find.

The crisis in Britain's criminal justice system cannot be overstated. Since April, the numbers detained at Her Majesty's pleasure have been rising by 300 a week. That fills a new prison every fortnight. It is worse. At 62,000, the number of inmates is already a record - and 50 per cent higher than a decade ago. Each and every one of them costs the taxpayer a whopping £25,000 a year.

True, this still does not

compare to the horror story in the US, where lawmakers have simply emptied the ghettos into the prisons. There, more than 615 per 100,000 of population are in jail, against nearly 120 in Britain. But in Europe, only Spain and Portugal lock up a comparable number to their island neighbour. France and Germany have a third less.

Bad enough. But all the evidence suggests the policy is as ineffective as it is expensive. Recorded crime rates issued by the police have fallen; slightly. But these capture only a small, and almost certainly decreasing, fraction of the total. Recorded offences amount to just a quarter of actual crimes, while only about two in every hundred result in a conviction.

The prisons may be overflowing but the number of offenders sentenced in the courts has fallen by more than 10 per cent since the start of the 1990s. The apparent paradox is easily explained. A higher proportion of a smaller number of offenders is receiving ever-longer custodial sentences. So the streets are no safer.

There is no mystery about the stiffer sentences. Judges and magistrates sup on the same cup of public opinion as the rest of us. That opinion, fed by the politi-

It may take time

to wean the

public from the

nonsense that

prison works.

Most people will

settle for less

crime in place of

more revenge

clans, has turned to prison as a panacea. Rehabilitation, if always a misty-eyed ambition, is now a forbidden word. The tabloid newspapers scream lock them up. The judges oblige.

Never mind that only a tiny proportion of offenders ever gets caught; let alone hauled before the courts. Rational and humane analysis of what constitutes effective punishment has been sacrificed to vengeance. It was less than a decade ago that Douglas Hurd, the then home secretary, said prison was a last resort. It seems an eternity.

There is no dispute that violent and dangerous criminals must be incarcerated. But those found guilty of violent or sexual offences account for less than a quarter of the total. Many of those have committed relatively minor assaults. Another fifth of all prisoners have not been convicted of any crime. Half of these remand prisoners will never receive a custodial sentence.

All this leaves Mr Straw in a bind. Uncharitable observers would say it was entirely of his own making. If Mr Howard led the vengeance lobby, Mr Straw was ever a willing echo. He is proud that at the election Labour, once judged irredeemably soft on the issue, established an unprecedented lead over the Conservatives on law and order.

To be fair, the home secretary also has genuine contempt for those who would simply open the prison gates. For every society swank robbed of a few diamonds in Mayfair, he will tell you, there are scores among the poor and the old who live in terror of the crime endemic on many housing estates. And they can't afford insurance.

So Mr Straw has abandoned his opposition to private prisons and added another two to Mr Howard's programme. He intends to implement his predecessor's

plans for tougher mandatory sentences for the most violent offenders and rapists. He has recoiled from the sensible and quick fix of a release programme for petty crooks.

But I detect glimmers of sanity. Mr Straw is not bone-headed. Unlike his predecessor, he does not wear the prison population as a badge of pride. He sees the distinction between the numbers inside and falling conviction rates. He has highlighted too the wide and irrational disparities in sentencing as between various parts of the country.

So Mr Straw has dipped his toe in the water by talking about raising confidence in alternative sanctions - community service, drug rehabilitation programmes, electronic tagging and the like. Fine-defaulters might be obliged to surrender their assets before their liberty. He needs no reminding from the Treasury that five offenders can be punished in the community for the price of one inmate.

What's needed now is a braver campaign to change the public mood. If the home secretary worries this sounds too soft for the tabloid newspapers to which the government still pays dutiful homage, he can point a finger across the Atlantic. Even states such as California, Idaho and Nebraska are asking themselves how sensible it is to spend more on imprisoning their young men than educating and rehabilitating them.

It may take some time to wean the public from the seductive nonsense that prison works. But people are not stupid. They will happily settle for less crime in place of more revenge. Catching criminals makes more sense than carpeting the country with prisons. Sure, New Labour promised to be tough on crime. But it also said it would be tough on the causes.

LETTERS TO THE EDITOR

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Friday July 18 1997

Strategies for jobs

Three years ago, the Jobs Study of the Organisation for Economic Co-operation and Development told countries to deregulate labour markets if they wanted more jobs. As the OECD acknowledges in its latest Employment Outlook, the failure of continental European countries to adopt its recommendations reflects their fear of increased earnings inequality. The question is whether it is possible to deregulate without suffering these malign effects.

It should be possible for countries to learn from one another, since some have the unemployment disease much worse than others. In 1997, 5 per cent of the US labour force will be unemployed, but 11.2 per cent of the European Union's. Unemployment is forecast at only 6.1 per cent in the UK and 6.3 per cent in the Netherlands, but 11.1 per cent in Germany and 12.6 per cent in France. These variations have emerged even though the position of people without good education and training has deteriorated everywhere over the past 20 years.

In continental Europe, high wage floors and collective bargaining have kept the earnings gap between skilled and unskilled workers constant. But greater equality among those lucky enough to be in work has gone with stagnant employment growth. In the more deregulated Anglo-Saxon economies unemployment is lower, but there has been a sharp rise in earnings inequality. The real earnings of those at the bottom have declined relatively in the UK and Australia and absolutely in the US and New Zealand.

So are there ways to combine high employment with higher incomes for the unskilled?

First, Germany and France must reform their unwieldy tax and benefits systems with a view to encouraging people to work. While reducing out-of-work benefits, in-work benefits can be introduced to counter adverse effects on people's incomes. The US and the UK have increased such provision in recent years. European countries that have shown themselves willing to subsidise the unemployed could, instead, make more generous provision for the low paid.

Second, by putting the interests of the unemployed before those of employed insiders, the social partners that are so important in continental European economies can help create the conditions for higher employment. If real wages rise less than productivity, for example, the incentives for job creation will steadily improve.

Third, the employability of the unskilled must be raised through better education and training. The OECD calls for a lifetime learning strategy, to help firms increase flexibility and workers their capacity to work. This will not be easy. The OECD itself offers no solutions.

In the long run, however, increasing the productivity of the low paid is the surest way to stave off falling wages. Current levels of unemployment in France and Germany are politically and socially intolerable. The Netherlands has achieved low levels of unemployment without rampant inequality. Germany and France must try to follow this example. Above all, whatever their distaste for increased earnings inequality, they should also remember the high costs of the unequal distribution of jobs.

Leadership

American Telephone & Telegraph, for a century one of the world's best-managed companies, has suffered a corporate governance disaster.

Last October, a board stuffed full of the luminaries of American business hired Mr John Walter as president and chairman and chief executive. Mr Robert Allen, on Wednesday, the board decided he did not possess the "intellectual leadership" to succeed to the top job. Mr Walter resigned, taking with him a total of \$26m in pay and compensation.

Mr Walter's appointment was always controversial. On the day it was announced, the market wiped \$3bn off AT&T's value. Investors were dismayed at the choice of a man from the printing business, with no telephone industry experience.

Mr Allen staunchly defended the choice, praising Mr Walter's ability to "transform a large, old-line company challenged by new technologies and changing markets." Less than nine months later, it was Mr Allen who asked the board not to confirm Mr Walter as his successor.

It is better, of course, to act swiftly on such difficult decisions, rather than to allow a mistake to linger. But this

volte-face over the succession is not the only reason for questioning decisions made by the AT&T board - and Mr Allen.

In 1991, AT&T bought NCR in a hostile takeover. In 1995, after failing to achieve the synergies between computing and telecommunications for which it hoped, AT&T demerged NCR, and also spun off its telephone equipment manufacturing arm, as Lucent Technologies. Both these two companies seem to be doing better out on their own. But AT&T continues to lose share in long-distance telephone calls. Like MCI, it is finding it hard to move into the local telephone market. And talks - instigated by Mr Allen - to combine with the biggest of the local phone companies, SBC Communications, got nowhere.

Mr Allen was right: AT&T is an old-line company facing challenges from new technology and new competitors. Under his chairmanship, the board has failed to provide the company with the leadership needed to survive those challenges. Choosing then losing Mr Walter is only the most recent of a series of errors. As other big American corporations have discovered, at some point the only solution is a wholesale change in the boardroom.

Rights, wrongs

Mr Robin Cook, Britain's foreign secretary, has made a brave start towards a brave new world of better human rights. But his speech yesterday - attaching some concrete proposals to the principle of a more ethical foreign policy - still leaves some important questions unanswered.

No one could quarrel with Mr Cook's definition of core human rights: the right to live without state violence, arbitrary arrest and torture, and with free thought, worship and democratic expression. They are rights to which almost the entire world has subscribed in various UN covenants.

But moving from the general to the particular involves a long chain of implications and consequences. The chain starts at home, which in Britain's case includes Northern Ireland. Any country brandishing human rights must ensure its own record is beyond reproach.

At the other end of the chain, there is the issue of what Britain can do to ensure that those indicted for war crimes are brought to justice in the Hague. Mr Cook announced a UK donation towards a second courtroom to speed up trials. But the real problem is that there are too few, not too many,

suspects in custody. Mr Cook wisely seems to be looking only for "modest advances". He would seek to maintain a critical dialogue with countries whose record is unsatisfactory, rather than cutting off relations - except with regimes like Iraq which "may be beyond rational persuasion". But pursuing this middle road will require delicate judgements which will be hard to get right.

Particularly sensitive are arms sales. Labour has committed itself not to supply arms that "might be used for internal repression". That would include riot control vehicles and small arms. But if British Hawk jets are sold to Indonesia, who can say they will never be used for internal repression?

Britain's new policy will be closely watched for signs of inconsistency. But even if it can apply a single human rights standard, it still has to ensure that this is not undermined by what its partners do. Mr Cook says he intends to use the UK presidency of the European Union next year to give a "clear and consistent European message" on human rights, in particular on China. But it is with that important trading partner that the policy will meet its biggest test.

The guard is changing at the European Bank for Reconstruction and Development created six years ago to promote capitalism throughout the former Soviet empire. On the brink of disaster after only two years under the leadership of Mr Jacques Attali, protégé of the late French president, Mr François Mitterrand, it has been saved by an unlikely alliance between a subtle French civil servant and a deal-making Wall Street banker.

Last month the banker, Mr Ron Freeman, quit his post as EBRD vice-president and went to Salomon Brothers. He has been replaced by Mr Charles Frank, a former vice-president of GE Capital. But the search is now on for a new president to succeed Mr Jacques de Larosière, widely considered one of the outstanding postwar international civil servants. The successor to Mr de Larosière, a former managing director of the International Monetary Fund and governor of the Bank of France, will be one of the principal diversions at this year's IMF/World Bank annual meeting in Hong Kong in September.

The departing president, silver-haired, soft-spoken but tough, deflects probing about his likely replacement next January. "Even if I knew I would not be at liberty to say," he says with a slight shrug. Nonetheless, he has clear ideas about the qualities needed to run what has become the largest single investor in the former communist world. Last year alone the EBRD lent Ecu2.2bn (\$1.9bn) from its own resources and mobilised an additional Ecu3.8bn from other investors.

"My successor will need a strategic concept and a strong sense of independence, someone who can keep to the mandate of the bank and work closely with the board and with shareholders," he says. "Credibility is our greatest asset. We will keep it if we continue to respect our own principles."

The new president will be a European, from either east or west of the reunited continent. But he is unlikely to be another Frenchman. Whoever is chosen will have to gain the votes of a simple majority of the 52 governors as well as winning the support of a majority of shareholders, of which the biggest is the US with 10 per cent of the capital.

There are only two prominent names in the hat: Mr Lamberto Dini, the Italian former minister, and Mr György Surányi, president of the Hungarian National Bank and architect of Hungary's spectacular recovery from the brink of a Mexican-style debt crisis. But it is early days. Germany is seeking to get more top international posts and has begun to press the case for Mr Calo Koch-Weser, a vice-president of the World Bank.

Whoever is elected will have to implement the bank's mandate to apply sound banking principles while offering something "additional" to the deals available from private lenders. That requires a president able to fend off political pressures.

Potential conflicts of interest

The FT Interview • Jacques de Larosière

Change of guard at bank

One of Europe's top civil servants tells Anthony Robinson and Kevin Done of the challenges awaiting his successor at the EBRD



Ingram Pinn

among powerful bank shareholders emerged at this year's annual meeting when the US and European delegates revealed divergent views on the future strategic course for the bank.

The European Commission called on the bank to take a greater role in financing the EU's enlargement to central Europe, a stance reinforced by this week's proposal to start early accession negotiations with Poland, Hungary, the Czech Republic, Slovenia and Estonia.

The US by contrast made clear it wanted the bank to act as a kind of ice-breaker much further east. It wants the bank to concentrate on clearing the obstacles to US private investment, especially in the oil and resource-rich areas of the Caspian and central Asian regions far beyond Europe.

Mr de Larosière says the two views can be reconciled through the "graduation strategy" to wean countries off EBRD support which was approved at the

bank's annual meeting in Sofia last year. This also approved an Ecu10bn doubling of the bank's capital.

"It is true that EU countries and the Commission are very interested in having the bank finance projects which facilitate enlargement. But we see no contradiction between that desire and our mandate. The things needed to facilitate enlargement are precisely what is demanded to speed up the transition [to a market economy]. Both require improving the environment, restructuring enterprises, recapitalising, privatising and reorganising the banks and enterprises, improving management skills and encouraging the development of small and medium enterprises."

As the bank shifts the balance of its operations into more distant, often riskier projects in the east it has to make increased loss provisions and take on more expensive monitoring of projects.

Mr de Larosière argues that this eastward shift will not entail an absolute loss for central Europe, just a decline in the relative share devoted to a region which was initially the main beneficiary. "There is still much to do, especially micro-economic reforms in enterprises and the development of financial institutions. But we will not cling on when we are no longer needed."

There was much to do within the bank itself when Mr de Larosière was elected president in 1993. The institution was shaken after having been widely attacked for profligacy, poor accounting and a glittering but ineffective presence. "As soon as I arrived I called a staff meeting and spoke off the cuff about the crisis facing the bank. I told them that if they thought it was just a problem about the kind of marble used in refurbishing the building, they were very wrong."

He told them bluntly that shareholders and clients alike

were mutinous. "I saw three or four things that the bank had to do. But first we had to answer the basic questions. Do we need the EBRD? What should we be doing?"

To get the answers he set up a special taskforce "not staffed by high-ups with cliques and turf to protect but by a dozen or so young people in their 30s who were knowledgeable and respected by their peers," he says. "I gave them 10 weeks. They went away and talked to about 250 people - clients, shareholders, competitors. Just before Christmas they came back with a 10-15 page report of total clarity."

The new strategy started with the assumption that the main objective was to promote private-sector development. "This meant less emphasis on joint ventures with western multinationals and more on helping local companies to get their own projects off the ground." That required a more decentralised bank, with a greater local presence and closer links with local banks and companies. "We had to take our expertise into the field."

He also scrapped the division of the bank into public and private sector activities, each with its own vice-president and staff. "This duplication made no sense and productivity rose sharply after we combined the two under Ron Freeman."

At the same time the budget was rewritten. Since then the bank has steadily expanded its lending and other activities without any increase in costs. "Our portfolio has quadrupled; our costs have remained the same."

The biggest overheads remain the \$14m (\$23.4m) annual rent on the elegant Broadgate offices, guarded by a gigantic bronze statue of a reclining fat lady, and the maintenance of the permanent board representatives within them. The building alone accounts for 41 per cent of overheads and the board for a further 7 per cent.

"We are permanently looking for cheaper premises, although if we vacate we will have to sub-let under the terms of our lease," the president says, indicating another task for his successor.

There will be many others. Recent developments in the disparate region of 26 countries in which the bank operates have shown how even the most advanced transition countries such as the Czech Republic, which has been hit by a currency crisis, can run into difficulties. Growth remains stubbornly elusive further east in Russia, Ukraine and other former Soviet states. Curbing the growth of organised crime, improving corporate governance and legal systems, strengthening the institutional underpinnings of markets - in all these areas the demands on the bank will grow.

The new president will inherit a much leaner, more focused and effective bank than seemed possible four years ago. But if the inner workings of the bank have been simplified, the problems on the ground are every bit as complicated.

OBSERVER

Hitting the green stuff

Colin's sensation Tiger Woods has joined another of the world's most highly paid elites: Japan's foreign-ministry advertising circuit, where astounding sums of money are paid for product endorsements. Among ad-circuit veterans are Jody Foster (Honda cars, cold milk beverages), Cindy Crawford and Sean Connery (Japanese whisky), Harrison Ford (beer), Dennis Hopper (bath salts) and Sylvester Stallone (ham).

Money apart, a big attraction for many celebrities who prefer not to trumpet all of their sporting activities is that the Japanese ad agencies offer foreign stars a standard guarantee that their campaigns won't be shown outside Japan.

This advantage has been undermined by an enterprising Tokyo concern which publishes several pages of previous campaigns on the internet (<http://www2.gol.com/users/japan/ads/index.html>). Cybersurfers can see, among other things, a laughing poster of Arnold Schwarzenegger waving two bottles over his head to advertise instant noodles.

Woods is likely to earn his place on the website with a three-year "several hundred million yen" contract to grin and

drink canned coffee in front of television cameras for Asahi Soft Drinks, part of Asahi Breweries.

Dropping a dime

Frank Winfield Woolworth must be turning in his grave - 117 years after he opened the Great Five Cent Store in Utica, New York. The company which bears his name is to close its 400 of more five-and-dime variety stores across the US.

The display cases and soda fountains are to be auctioned off and, to add insult to injury, the hard-nosed corporate types who now run the company are to change its name later this year "to reflect the group's global speciality retailing formats".

Woolworth was a Napoleon of American business. His headquarters, the gothic Cathedral of Commerce in New York City, was the tallest building in the world when president Woodrow Wilson opened it in 1913. Woolworth's 24th-floor office was modelled on the Empire room of Boney's palace in Campagna, complete with a life-size bust of his hero. But people found other places to buy light bulbs and the business has been taking in water for years: the general merchandise side lost \$24m in the first quarter of this year, and closing it will bring a charge of \$22m. The group's going to

concentrate on its fancier retail formats, but their names - such as Lady Foot Locker or Champs Sports - do lack a certain magic. It's time to protect the Woolies name by sending postcards of protest to the board. If you can find somewhere to buy them.

Water sports

Officials of the Olympic Games who've been checking out Stockholm's bid to host the 2004 sporting extravaganza had assumed that they were visiting one of Europe's safest cities. But it turns out that microscopic danger lurked behind mayor Mats Hulth's party trick.

The Swedish capital is emphasising environmental issues in its Olympic campaign. It claims to have the cleanest water of any world capital and stages an annual water festival to underline the point. Hulth liked to take Olympic delegates to the banks of Mälaren, the lake on which the Swedish capital is built, and give them a glass of its water to drink.

The city's environmental protection board thought this was taking environmental propaganda a step too far and ran some tests. The water was OK for swimming in, they declared, but "unsuitable" for drinking. Among objections to sipping your thirst from the Mälaren are the presence of

potentially harmful bacteria such as E.coli and streptococci. "You'd have to be very thirsty to drink this water," said environmental protection board official Inger Wikström. Hulth says no IOC delegate has become ill after tasting the waters, but he'll offer future visitors a more conventional beverage.

Hard sell

Meanwhile, organisers of the 2000 Olympics in Sydney are giving a helping hand to the games' official sponsors. Apparently non-sponsors have been doing a better job of exploiting the city's hosting of the event than those who've spent millions to use the five-ring symbol.

The Sydney Organising Committee for the Olympic Games is to splash out on an advertising "shame campaign" to combat "ambush marketing" - which is as much a part of the modern Olympics as synchronised swimming - and ensure that Australians know who the real sponsors are.

Successful sports ads by non-sponsors like Qantas and National Australia Bank have irritated the committee, which is springing to the defence of sponsors like Ansett Airlines and Westpac Bank. The "shame campaign" looks like the first skirmish in a long war.

Financial Times

50 years ago

Car Works Allocation
Allocation of the "People's Car" factory at Grantham has been withheld from the syndicate headed by Mr F.S. Cotton. Mr Stafford Cripps, President of the Board of Trade, announced this in the House of Commons yesterday. Mr W. Gallacher (Communist, West Fife) suggested that the producers of the "People's Car" had been "pushed out" of business but Sir Stafford said: "The original owners were not pushed out. They went into liquidation."

Marshall Plan For S America?
The interest of all business circles is concentrated on the next visit of Mr John W. Snyder, Secretary of the U.S. Treasury, who should arrive at Rio de Janeiro on Monday next, accompanied by seven high dignitaries of the State Department, the U.S. Presidency and the Treasury. Among them to be mentioned is Mr Marcus H. Elliot and Mr Jacques Torfs, advisers of the World Bank. This visit might be called the inauguration of a South American Marshall Plan. The first object of the visit would be to negotiate the ancient Brazilian demand for a \$500m loan to be utilised for the purchase of railway and port equipment in the U.S.A. Secondly, to develop manganese and iron ore exports from Central Brazil.

US anger over 38% increase in car imports from Japan

By Gillian Tett in Tokyo

US car manufacturers yesterday reacted angrily to Japanese trade statistics for June which showed a 38.5 per cent increase in car exports to the US.

This surge helped push up the overall trade surplus in June to ¥34.2bn (\$6.07bn) - 27.7 per cent higher than in the same month last year. It was the third consecutive month of big increases, taking the politically sensitive trade surplus to ¥2,480bn in the second quarter - almost double its level a year earlier.

The Japanese government blamed the increase on April's increase in its consumption tax, which has dampened con-

sumption and imports. It added, however, that the June data suggested the pace of the surplus rise was slowing.

The export surge sparked immediate criticism from US car manufacturers. They fear that the Japanese tax increase and the weakness of the yen earlier this year are encouraging Japanese manufacturers to sell more cars overseas.

Mr Andrew Card, president of the American Automobile Manufacturers' Association, said in Tokyo: "The US administration understands that the growing trade surplus in Japan has the potential of increasing trade friction."

He said the AAMC had asked the US trade representative to put Japan on its watch

list for possible retaliatory action for unfair trade practices and not living up to promises to open the Japanese market to US carmakers.

"By every measure, US-Japan automotive trade patterns are sharply deteriorating," he said.

In June, Japanese car exports were 39.4 per cent higher than a year earlier, measured in value terms, while imports were 24.1 per cent lower.

This 27.7 per cent rise in the overall surplus was slightly lower than economists had expected and slower than in the previous two months. In May, for example, it tripled.

Analysts suggested imports might be recovering from the

consumption tax increase. Imports were 8.7 per cent higher in June, compared to a year earlier, while exports were 12.5 per cent higher.

Most economists believe that underlying trends will keep exports growing, particularly since the yen remains relatively weak. But they do not believe the level will be high enough to spark serious trade friction with the US or other partners.

Mr Richard Jerram of ING Barings in Tokyo said: "The US has indicated that a Japanese surplus of over 2.5 per cent of gross domestic product is unacceptable. In the second quarter, the seasonally adjusted trade surplus was 2.2 per cent of GDP."

BT-MCI rift deepens

Continued from Page 1

executive. The claims that they were aware of the worsening outlook at MCI some months ago will add to the pressure on BT's management.

The company has come under pressure from some institutional shareholders in recent days to try to renegotiate its \$29bn acquisition, though the MCI camp has maintained that the terms of the merger agreement do not allow it to reopen talks.

BT believes, however, that if both sides are in agreement, the negotiations could be reopened rather than allowing the deal to founder.

The company has indicated in the past, however, that it was wary about the potential costs of MCI's ambitions to enter the local US telecoms market. Documents filed with the Securities Exchange Commission indicate that during negotiations over the merger, the British company raised this as an issue in its attempt to pay a lower price than MCI was asking for the company.

"It makes it a bit hard for BT to come back seven months later" to try to reopen talks over price, said one arbitrage trader in New York. "If they felt it was such a bad deal, they shouldn't have done it."

Sir Peter said publicly for the first time yesterday that his company was not seeking to force out two senior MCI directors over the US company's weakening financial position. The two - Mr Tim Price, the executive in line to head all of MCI's operations in the US, and Mr Doug Maine, chief financial officer - had earlier been held responsible by some BT executives for the events that led to a profit warning and the sharp fall in its share price last week.

Sir Peter said BT had never asked MCI for the resignation of Mr Price and Mr Maine.

Corruption row fails to halt \$8bn aid for Kenya

By Michele Wrong in Mombasa and Michael Holman in London

Western donors gave Kenya aid worth more than \$8bn between 1986 and 1995, in spite of evidence during this period of government corruption, a search by the FT revealed yesterday.

Donors have maintained Kenya's status as one of Africa's largest aid recipients, underpinned by two big scandals - one involving a European Union funded power project in 1986, and another a series of financial scams, exposed in 1993 and estimated to have cost the country more than \$400m.

The calculation is based on figures collected by the Paris-based Organisation for Economic Co-operation and Development, which monitors aid flows to developing countries.

The disclosure of the scale of assistance is likely to remind donors of their experience with Zaire, where they have been criticised for providing aid despite a 1982 report by the International Monetary Fund saying that corruption was endemic.

It will also provide an early test of Britain's ethically based foreign policy, outlined yesterday by Mr Robin Cook, foreign minister. The UK is one of the leading bilateral donors to Kenya, along with Japan, Denmark, Sweden and the US.

Germany has warned it will suspend aid to Kenya unless President Daniel arap Moi responds to demands to amend the constitution before elections, due by March next year. The Kenyan government

yesterday attempted to defuse unrest in the country by apparently agreeing to opposition demands for constitutional reforms. The move follows recent protests in which at least nine people died.

Opposition leaders responded cautiously to the move, which came as the government entered critical talks with a visiting International Monetary Fund team.

Fund officials are understood to have reinforced last month's warning that the Kenyan government's failure to tackle corruption could lead to the suspension of its \$216m loan agreement. They are also looking for signs that human rights concerns will be addressed.

Investor confidence, Page 4

British policy, Page 8

Dublin and London may hold all-Ireland peace referendum

By Jimmy Burns, John Murray Brown and John Kampfer

The British and Irish governments are considering putting the outlines of a Northern Ireland settlement to voters in both the province and the Irish republic next year if multi-party talks fail next week.

"Next Wednesday is D-day," said a senior official yesterday amid growing gloom in Dublin and London at the chances of securing an agreement between the constitutional parties on the details of paramilitary decommissioning.

UK and Irish ministers are to meet today for their first formal session since general elections in both countries. During more than an hour of

talks yesterday, Mr Tony Blair, the British prime minister, failed to convince Mr David Trimble, leader of the Ulster Unionist party, the largest loyalist party, to endorse the governments' formula for combining talks on the arms issue with broader negotiations on a constitutional settlement.

Officials denied London and Dublin had discussed contingency plans - including a referendum - in the event of the talks failing. They noted the difficulty of securing majority support in Northern Ireland for proposals not backed by the main Unionist party.

However, an official added: "Lots of people are thinking along the lines of a popular endorsement of some sort."

Mr Bertie Ahern, Irish prime minister, said: "It all has to be wrapped up, or fail, in the next two weeks, and I think that would be a terrible tragedy."

In what was seen as a coded warning to the parties that they could not hold up progress, he added: "If all of that happened, then of course the two governments have already stated that we would move forward together."

Mr Blair and Ms Mo Mowlam, the British minister responsible for Northern Ireland, have stressed to the constitutional parties - and to Sinn Féin, which will stay outside the talks unless the IRA restores a "credible" ceasefire - that the multi-party talks must end in May 1998.

THE LEX COLUMN

Family ties

That Japan's Matsushita Electric is still run by the Matsushita family is not much of a shock. After all, Toyota is still chaired by a member of the founding Toyota clan. And Nintendo, Tokyo Gas, the Kumagai Gumi construction group, and soy sauce maker Kikkoman all remain effectively family-controlled. What is surprising is the willingness of a former Matsushita president to criticise hereditary management systems.

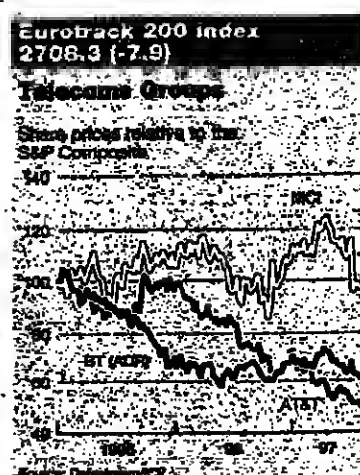
Japan needs more of this kind of public debate. Dynastic thinking has undoubtedly contributed to the poor returns earned by industry, with companies' return on capital typically in low single digits. But nepotism is only part of Japan's corporate governance problem. Low levels of profit-related pay and share ownership among managers and limited threat of hostile takeovers mean there is little reason for companies to keep shareholders sweet. At the centre of the problem is the web of cross-shareholdings among affiliated Japanese groups. Depending on the precise definition, between 50 and 75 per cent of all quoted equities are held for "other than investment purposes", according to the Ministry for Trade and Industry.

Unwinding those cross-holdings will be the key to improving corporate governance and thus performance. It will also release huge amounts of capital for reinvestment. But given the current lack of pressure from domestic and foreign shareholders, it will be a painfully slow process.

BT/MCI

British Telecommunications has so far made a pig's ear out of dealing with the fall-out from MCI's profit warning. Letting it be known that it wanted the scalp of two of its US partners' top executives was an emotional rather than rational response. Personalising the issue has split BT and MCI into rival camps - raising the prospect of continuing culture clashes if their merger does proceed. In backtracking on the dismissal demand, BT may cool passions. But the U-turn can hardly have strengthened its negotiating position on the more important matter of persuading MCI to cut the price of the deal. The Americans may think they now have BT on the back foot.

Attempts to renegotiate the price have also got off to a false start. Dropping hints that it could seek a



under his leadership, the US group's reputation as the most admired telecom services company worldwide has eroded. Partners have been deserting AT&T's international alliance. At home, profits on its core long-distance business are being squeezed and it has failed to crack open the local telecoms market. Mr Allen's latest wheeze - merging with SBC Communications, a big local group - has collapsed.

One problem is that AT&T has changed tack too often: another that external recruits who could help change its bureaucratic culture rarely last. AT&T now finds itself stuck in a strategic dead end.

Emu

The tone may be different, but the bottom line is the same. For all chancellor Gordon Brown's protestations to the contrary, it is all but certain that Britain will not join the first round of monetary union in 1999. Even if it were technically eligible, the criteria Mr Brown sets for participation effectively rule out early entry.

Given the current precarious state of Emu, many would judge that just as well. More important, Mr Brown is at least concentrating on the correct issues. He defies his cap at the financial criteria required by the Maastricht treaty, but his focus is elsewhere. If Britain is to join Emu, he wants evidence that signing up improves the outlook for investment and financial services. Less currency fluctuation and lower long interest rates should help investment; and belonging to Emu with its deeper financial markets will undoubtedly benefit the City. Mr Brown also wants to be sure that the flexibility would exist to deal with problems. Britain (unlike other nations) should have no concern about labour flexibility. But the stability pact represents a needless constraint on fiscal manoeuvre for all.

The real problem comes with business cycles which are out of sync: a UK base rate of 6% per cent compared to Germany's 3 per cent is an eloquent reminder of the dislocation a single European monetary policy would unleash. But if, and it is a big if, the Emu project gets off to a good start, Britain may have no choice but to bite this bullet and join.

Additional Lex on Nationwide building society, Page 31

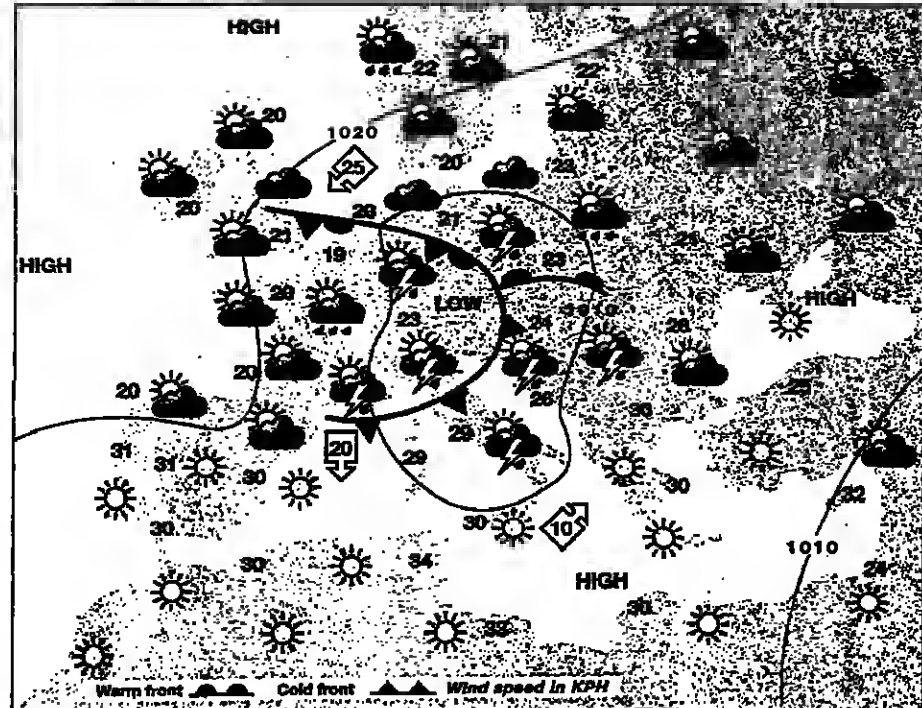
FT WEATHER GUIDE

Europe today

Low pressure centred over eastern Austria will produce plenty of showers in central and western Europe. Some showers will be heavy and prolonged with severe thunderstorms. The worst of the weather is likely to be across the Low Countries, Germany, Alpine regions, the Balkans and Poland. Western France and Scandinavia should have sunny spells and just a few showers. The Mediterranean will be sunny and hot.

Five-day forecast

The Mediterranean should remain mostly hot and sunny although thunderstorms are likely over central Spain, northern Italy and northern Greece over the weekend. Central Europe should stay unsettled and showery with little improvement until Tuesday. North-west Europe and Scandinavia will become more settled and sunnier.



TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp	Location	Temp
Madrid	31	Paris	21	London	21	Amsterdam	19	Brussels	18
Berlin	23	Cologne	20	Düsseldorf	19	Frankfurt	20	Munich	22
Zurich	24	Geneva	20	Basel	19	Stuttgart	21	Vienna	23
Prague	22	Warsaw	20	Budapest	21	Belgrade	22	Sofia	24
Skopje	25	Thessalonika	26	Atenas	28	Agios	29	Corfu	27
Mykonos	28	Santorini	29	Crete	30	Rhodes	31	Corfu	32
Mykonos	33	Santorini	34	Crete	35	Rhodes	36	Corfu	37

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IN BRIEF

SGS-Thomson chip profits slide

Shares in SGS-Thomson Microelectronics fell sharply after the Franco-Italian semiconductor manufacturer announced a 48 per cent fall in first-half income to \$182.6m. Mr Pasquale Pistorio, president and chief executive, said a "new positive cycle" for the industry would start in the final quarter. Page 28

Nestlé's growth target in doubt
Nestlé, the world's biggest food company, looks likely to miss its long-term target of 4 per cent growth in sales this year. Although first-half sales were up 17 per cent at \$7.88.5bn (\$22.6bn), most of the gain was due to favourable exchange rates. Page 28

British Steel buys back 5% of shares
British Steel bought back almost 5 per cent of its shares for £144m (\$240.5m) in an effort to strengthen its flagging share price. The group paid 155p each for the 93m shares. Page 30

Bankers Trust, Salomon beat forecasts
Bankers Trust and Salomon, the US investment banking houses, reported stronger-than-expected second-quarter results, confirming that revenues had rebounded strongly. Page 27

Strikers at Bezeq reject peace deal
Workers at Bezeq, Israel's state-owned telecommunications company, threatened to step up their four-day strike in protest over the government's sale of a stake in the operator. Page 28

Merck profits up 19% in second quarter
Merck, the US pharmaceuticals company, reported a 19 per cent increase in net income to \$1.15bn for the second quarter. Sales were up 20 per cent at \$5.9bn. Page 27

Thai Airways to sell 250m shares
Thai Airways, the country's state-owned flag carrier, plans to sell 250m shares to the public by the end of the year. The sale would reduce the government's stake to 76 per cent. Page 28

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Chief price changes yesterday

FRANKFURT (DM)		PARIS (FF)	
Alcatel	694 + 31	Alcatel	163.1 + 0.5
Boehringer	138.4 + 7.1	Boehringer	413.3 + 15.3
Deutsche Bank	105.0 - 0.1	Deutsche Bank	420.1 - 22.8
EWG	305 - 12	EWG	404.2 - 18.8
Henkel	302 - 18	Henkel	2561 - 118
Telekom	1042 - 22	Telekom	388.5 - 12.8
NEW YORK (\$)		TOKYO (¥)	
Alcatel	234 + 3	Alcatel	350 + 42
Boehringer	258 + 24	Boehringer	578 + 35
Deutsche Bank	859 + 54	Deutsche Bank	850 + 24
EWG	824 + 154	EWG	725 + 31
Henkel	2094 + 4	Henkel	343 + 20
Telekom	1594 - 24	Telekom	351 + 21
LONDON (£)		HONG KONG (HK\$)	
Alcatel	117 + 12	Alcatel	4.0 + 0.2
Boehringer	91 + 8	Boehringer	4.40 + 0.23
Deutsche Bank	1020 + 27	Deutsche Bank	278 + 18
EWG	586 + 24	EWG	1.5 + 0.4
Henkel	705 - 12	Henkel	47.9 + 1.8
Telekom	2594 - 3	Telekom	7.25 - 0.20
TOKYO (¥)		HONG KONG (HK\$)	
Alcatel	127 + 1.2	Alcatel	38.50 + 3.25
Boehringer	321 + 4.3	Boehringer	38.5 + 3.5
Deutsche Bank	21.5 + 1.5	Deutsche Bank	41.25 + 3.75
EWG	14.25 - 1.50	EWG	27.5 + 2.5
Henkel	1.5 - 0.5	Henkel	85 - 9
Telekom	3.5 - 0.5	Telekom	42.0 - 4.5

New York and Toronto prices at 1200.

Acquisition of rights to songs by pop star Sting follows Motown purchase EMI in £20m publishing deal

By Alice Rawsthorn in London

Sting, the pop singer who is so wealthy that he claimed not to have noticed when his second-oldest son, the 15-year-old, had sold the global publishing rights to his songs to the EMI Group for £20m (\$33.4m).

The deal, which covers all his compositions starting with his late 1970s hits for his group The Police such as *Roxanne* and *Message In A Bottle*, comes a fortnight after EMI, the world's largest music publisher, paid \$132m for 50 per

cent of the publishing business linked to Motown Records, the US soul label.

Mr Peter Reichardt, senior vice-president of international acquisitions for EMI Music Publishing, said it was "purely coincidental" that the group had clinched two big acquisitions in swift succession.

EMI, he said, had spent four months in negotiations with Sting, who has a long-standing recording contract with PolyGram, the Dutch entertainment group. He described Sting, who has sold 65m records in his 20-year career,

as "a great songwriter with a great voice and a fantastic following".

The sale of Sting's publishing catalogue highlights the dynamism of music publishing, one of the most profitable sectors of the music industry. Music publishing, which is dominated by multinational record companies such as EMI, Sony and PolyGram, involves collecting fees or royalties whenever songs are performed, broadcast, or used in films, television programmes and advertisements.

Demand for publishing rights has risen rapidly in recent years as the television and advertising markets have expanded, enabling music publishers to demand higher fees for the use of their songs.

Sting, 45, a former teacher whose real name is Gordon Sumner, is one of the few rock stars lucky enough to own his publishing rights.

He signed a publishing deal with Virgin Records in 1977, but won control of his catalogue in 1982 in an out-of-court settlement after he objected to a Police hit, *Don't Stand So Close To Me*, being sold for use

in a deodorant commercial. Sting then formed Magnetic Music, a private company to administer his publishing rights. It struck *ad hoc* deals with larger publishers in various countries, until Sting decided to consolidate the management of his catalogue under EMI.

The EMI deal, which will last until Sting has released five more albums, coincides with an unexpected fillip in his publishing fortunes. One of the best-selling singles of 1997 is *Puff Daddy and Faith Evans' I'll Be Missing*.



Sting: selling rights for £20m

You, a tribute to Notorious B.I.G., the late rap star, which is based on *Every Breath You Take*, a Sting hit for The Police. The single has already sold 5m copies worldwide.

Rounding up in the bull markets

Philip Coggan asks how long worldwide low inflation and interest rates can continue

Numerologists have reached Nirvana. With the Dow Jones Industrial Average passing 8,000, the DAX in Frankfurt racing past 4,000, the CAC 40 in Paris touching 3,000 and London's FTSE 100 index within sight of 5,000, it is raining round numbers.

Stock markets show no sign of losing the momentum that has carried the FTSE 100 (ex-Japan) index up 77.8 per cent in dollar terms since the start of 1995. After each peak, some bears have been quick enough to call an end to the bull market - and have been repeatedly disappointed.

Even Italy joined in the fun yesterday, with the Mibtel index finally surpassing the all-time high it set back in 1986. However, most European markets succumbed to profit-taking, with the FTSE 100 index touching an all-time intra-day peak of 4,985.0 before slipping back to close at 4,948.0.

The fuel behind the worldwide rise in share prices lies in the combination of low inflation and interest rates. Since 1992, albeit with a hiccup in the late 1990s, there has been a steady decline in inflation allowing rates to fall at both the short and long end.

The result has been a revival of confidence in financial assets. Back in the 1970s, investors' faith in bonds and shares was dented by the ravages of the inflationary era; they preferred real assets such as gold. But gold has lost its popularity and central banks are switching their reserves

from the yellow metal into US Treasury bonds.

Economists argue about the causes of low inflation, and whether the trend can last. But as the US economy enjoys its sixth successive year of growth without any sign of inflationary pressure, investors are leaning back first into the stock market.

There was a brief wobble when the US Federal Reserve raised interest rates in March, but each meeting since has passed without any further monetary tightening.

Low interest rates reduce corporate costs and increase the theoretical value of shares, which is based on the discounted value of future dividends. The lower the discount (interest) rate applied, the greater the value of shares.

At the same time, low rates force private investors who have relied on cash deposits and bonds to look elsewhere. This has been noticeable for years in the US, where small investors have been piling into mutual funds through personal pension plans.

The trend is also occurring in Europe, where traditionally cautious private investors are moving into the stock market - flows into mutual funds led to record levels in European investment funds in the first months of 1997.

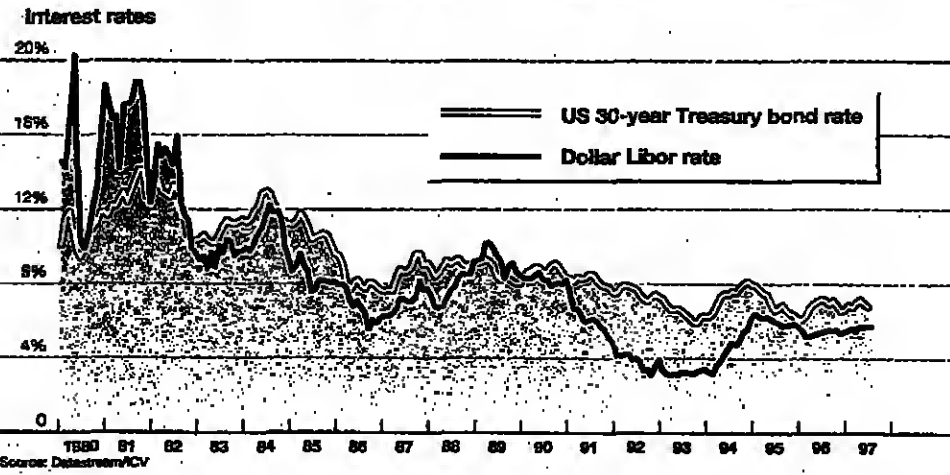
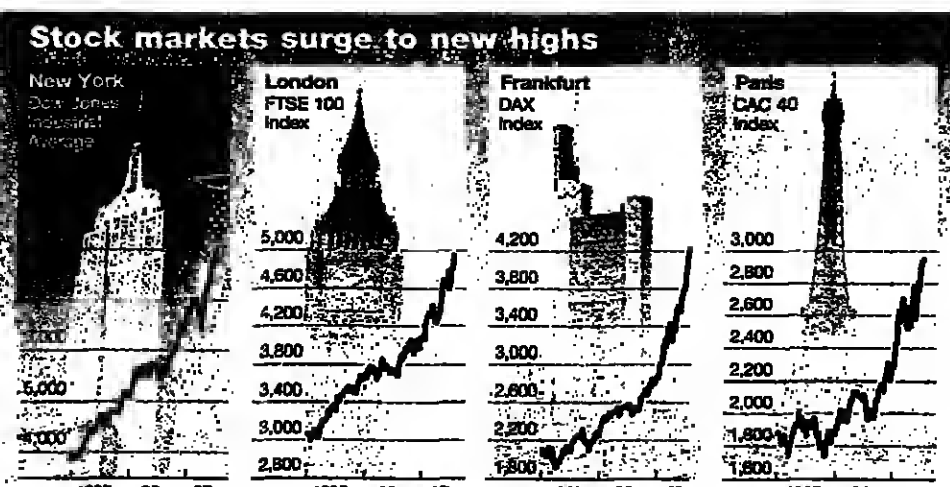
This wave of liquidity is carrying all before it. Institutional investors are caught up in the euphoria. Those who become cautious and cash in their profits are forced back into the market when share prices continue to rise ahead.

The fundamentals are also improving. In the US, the long weakness of the dollar in the late 1990s and early 1990s provided the leeway for industry to restructure itself and restore its competitive edge: in some industries, such as software and the media, the US leads the world.

Europe is showing signs of following the American lead, with companies across the Continent showing an interest in "shareholder value". Industry is restructuring itself in an attempt to cut costs and there are signs that some of the less shareholder-friendly corporate habits - incestuous cross-holdings and sprawling conglomerates with opaque accounts - are falling from favour.

As Europe prepares for economic and monetary union, investors have decided that the single currency will be broadly based and weak. This has prompted European currencies to fall against the dollar, boosting exporters across the Continent and helping to revive economic growth.

A few areas have been left behind by the global bull market. Japan's stock market still languishes at just over half its 1989 levels, as the economy and financial system struggles to recover from the "bubble" era of the late 1980s.



Some Asian markets have also struggled, as growth has slowed and governments have grappled with trade deficits and overvalued currencies.

But most investors are sitting pretty and looking forward to the next target - 10,000 on the Dow is being seriously discussed. Many markets

look historically expensive in terms of measures such as dividend yields and price-earnings ratios, but this does not appear to deter share buyers.

The tenth anniversary of the 1987 crash is approaching - the London market peaked on July 16 that year. However, there is no sign of the news -

a rebound in inflation or terms of measures such as dividend yields and price-earnings ratios, but this does not appear to deter share buyers. A political crisis, such as a war or disruption to oil supplies, might do the trick. But for the moment such thoughts are far from investors' minds. The motto of the markets is "Don't worry, be happy".

Ex-Matsushita boss hits out at nepotism in Japan

By Bethan Hutton in Tokyo

The influence of founders' families and ageing directors in large quoted Japanese companies has been challenged by a former president of Matsushita Electric, the leading consumer electronics manufacturer.

Mr Toshitaka Yamashita, who was president of Matsushita between 1977 and 1988 and remains a corporate adviser to the company, said it was "strange" that Mr Masayuki Matsushita was appointed company vice-president last year simply because he was the founder's grandson. Mr Yamashita added that it might be time for the chairman, Mr Masaharu Matsushita, who is over 80, to retire.

Mr Yamashita's apparently

off-the-cuff remarks to journalists at a party this week have been interpreted as criticism of the hereditary management system in place at many Japanese companies. Mr Matsushita's appointment to the vice-presidency is seen as an indication that he will take the top job in due course.

A surprising number of large, listed Japanese companies still have founding family members in senior positions. Among them are Tokyo Gas and Shionogi, the pharmaceuticals company. Attitudes to management and corporate governance are changing but senior appointments are not yet subject to much shareholder influence.

Mr James Abegglen, a Tokyo-based management consultant, was surprised that

there had not been protests before, but said that managers in Japan generally have less power than their equivalents at western companies.

One unusual aspect of the Japanese system is that if there is no suitable male heir for a family-run business, a daughter is often married to a promising young man, usually an employee of the company, who adopts his father-in-law's name and is groomed for the succession. This was the case with Mr Masaharu Matsushita, the current chairman.

This approach combines a degree of meritocracy with the hereditary principle - only well-qualified bright sparks will be considered as potential sons-in-law and successors.

Lex, Page 24

Nomura commissions plunge

By Gillian Tett in Tokyo

Brokerage commissions at Nomura, Japan's largest securities company, have plunged in the aftermath of the recent scandal surrounding the group's links with corporate racketeers known as the *sonzoku*.

Nomura's results for the first quarter, published yesterday, show revenues from commissions fell by 38.9 per cent to ¥53.6bn (\$463m) in the three months to June 30.

Brokerage commission revenues dropped by 38.2 per cent in the same period. Pre-tax profits dipped to ¥34.9bn in the first quarter, compared with ¥36.4bn in the same period of last year. The decline is widely

believed to reflect the recent scandal over Nomura's financial links with the racketeers who traditionally demand payments for not revealing sensitive information about their targeted companies.

The scandal which erupted in March, has led to a swathe of corporate clients cutting ties with the company.

Nomura is also expected to face a large penalty from the government over the scandal in the coming weeks.

Nomura's biggest Japanese competitors, which have also reported first-quarter figures, have failed to take advantage of its declining commissions.

Profits at Daiwa fell to ¥15.3bn from ¥25.18bn, with commission income down by 22.6 per cent. Nikko, which

produced quarterly data for the first time yesterday, reported a pre-tax loss of ¥1.83bn against a ¥19.2bn profit in the previous year.

Mr David Richards of Goldman Sachs said: "Nomura is being knocked by the scandal, but less than some people had expected - and it does not look as if Daiwa is reaping the benefit that people thought it might."

Public Enterprise of PTT Traffic, Srbija

has sold a 49% strategic equity stake in

Telekom Srbija a.d.

on behalf of
The Government of the Republic of Serbia
for

DEM 1,568,000,000

jointly to

Telecom Italia S.p.A. (29%)
Hellenic Telecommunications Organisation S.A. (20%)

NatWest Markets acted as financial and telecommunication sector adviser to Public Enterprise of PTT Traffic, Srbija

NATWEST MARKETS

COMPANIES AND FINANCE: THE AMERICAS

McDonald's held back by competition

By Tracy Corrigan
in New York

Second-quarter results from McDonald's, the fast food business, yesterday highlighted its continuing difficulties in the US market.

Net income of \$438.2m was 4 per cent higher than for the same period of 1996, on sales of \$8.5bn, up 7 per cent.

A 7 per cent rise in net income per share of \$0.63 was in line with analysts' estimates. The company

repurchased \$500m of common stock during the first six months.

US revenues, however, fell 3 per cent in the second quarter, in spite of a 3 per cent increase in sales. The company attributed the disparity to the increase in the number of US franchised and affiliated restaurants while the number of company-operated restaurants decreased.

According to analysts, McDonald's is facing stiff

competition in the US market from Wendy's and Burger King. A market survey for trade magazine Marketing News showed that 37 per cent of consumers named Wendy's as their favourite burger restaurant, 21 per cent chose Burger King, and 25 per cent named McDonald's.

The company described the results of its 53 cent burger promotion in the US market, which was recently withdrawn, as disappointing.

Last week, McDonald's announced a reorganisation of its US operations, splitting the company into five geographical regions.

"The goal of this reorganisation is performance improvement, not cost reduction," Mr Jack Greenberg, chairman and chief executive officer of US operations, said yesterday. "I remain very optimistic about our long-term opportunities to grow profitably in the domestic market place."

Sales outside the US rose 11 per cent, or 18 per cent excluding foreign currency factors. McDonald's added 761 restaurants in the first six months of the year, of which nearly 90 per cent were outside the US.

Mr Michael Quinlan, chairman and chief executive, said yesterday: "Based on input from local management, we have refined our plans and expect to add about 2,400 restaurants globally in 1997, with greater

emphasis on full-size traditional restaurants compared with 1996."

About 80 per cent of these openings would be outside the US, he said.

McDonald's said that in its seven largest international markets, McDonald's transactions per capita average just over one-third the level reached in the US.

McDonald's shares were slightly higher by early afternoon at \$50.4, up 5¢ in a mixed stock market.

Succession has an uncertain ring

AT&T has an apparently appealing vacancy that it may find rather hard to fill

It should not, on the face of it, be too hard a job to fill. The biggest US telephone company and one of the country's best-known household names, AT&T has long been one of the giants of US industry.

It still carries more than half of all long-distance telephone calls - it was excluded from local calling on the break-up of the old Bell system in 1984 - and is by far the biggest operator of wireless systems.

Potential future chief executive officers would surely be lining up around the block. After all, the last person to fill the job was awarded a signing-on bonus of \$5m, plus another \$25.8m to replace the benefits and earnings he might have received in his old job - not to mention the \$750,000 in actual salary for just nine months' work.

But as AT&T set out yesterday on its second search for a chief executive in less than a year, this did not look an easy job to fill.

The loss of two presidents in rapid succession, and an increasingly hostile business and regulatory climate has turned this into one of the most difficult job vacancies around.

At the root of AT&T's problems lies the failure of a succession strategy masterminded by Mr Robert Allen, chairman and present chief executive. It is Mr Allen, 62, who presided over last summer's search for a new number two and his apparent, after the incumbent, Mr Alex Mandl, quit to run a smaller company.

While AT&T wanted a suc-

cessor, though, Mr Allen was not ready to give up the reins at a company he has led for more than a decade. The result: an uncomfortable compromise in which Mr John Walter, former head of printing company R.R. Donnelly, was named president and chief operating officer.

Mr Walter lost no time telling people he had come to AT&T to become its next chief executive.

Mr Allen, though, never offered strong public support for Mr Walter's claims of succession. As early as April, it now turns out, the AT&T chairman was raising doubts about his supposed abilities to the company's non-executive directors - shortly after an analysts' meeting at which Mr Walter failed to convince Wall Street of his plans to transform the company.

After three months of growing concerns, and on Mr Allen's recommendation, the company's board told Mr Walter on Wednesday that he would not get the top job in January, triggering his departure.

With hindsight, the search conducted by Mr Allen seems to have been deeply flawed. AT&T declined to give specific reasons about why it thought Mr Walter was not up to the job, although Mr Walter Elisha, the non-executive director who heads a board committee which reviews director performance, said he appeared to lack "the intellectual leadership" the company needed as it faced great technological and regulatory change.



Robert Allen (left) raised doubts as early as April about John Walter's abilities

Yet it was Mr Walter's operating skills, not his vision, that led AT&T to appoint him in the first place.

At the bottom of AT&T's difficulties may have been its decision to appoint someone to play second fiddle to Mr Allen.

"The most unsuccessful searches I have ever had are for guys to become number two with a promise of being number one later on," says Mr Ross Brown, of executive search firm Egon Zehnder. People with clear leadership skills and a record as a chief executive at another company do not want such a position, he argues.

This time, things are being handled very differently. Mr Elisha is one of several non-executives on the search committee who will look both inside and outside for a successor to Mr Allen - effectively taking control of the process from Mr Allen.

Also, there will be no apprenticeship period the next time around. Mr Elisha indicated: the aim would be to find a chief executive straight away, without expecting the newcomer to serve as president first.

This should make it easier to attract a big-name chief executive to the company, though there are still many reasons to be cautious.

AT&T, along with the Baby Bell companies to which it used to be joined, "have a very strong immune system that rejects outsiders," says Ms Anna-Maria Kovacs, an analyst at Janney Montgomery Scott.

Highly-regarded outsiders whose careers have failed to take root in the former Bell system companies include Mr Mandl at AT&T and Mr John Edwardson, now chief operating officer at United Airlines. Such considerations should help the cause

of Mr John Ziegler, the AT&T general counsel who this week has taken on Mr Walter's operating responsibilities.

This has not dampened a new outbreak of speculation that another outsider will be brought in. Names high on the list have included Mr George Fisher, chairman of Eastman Kodak and an AT&T non-executive director. Significantly, Mr Fisher has not been named to the search committee, leaving him open as a potential successor.

Also talked about on Wall Street yesterday are highly regarded telecom executives who do not come from the Bell system: Mr Brian Thompson, who has turned round long-distance carrier LCI, for instance, or Mr Jim Crowe, who has just left MFS after merging his successful telecoms company with WorldCom.

Then there are former AT&T executives who have made their careers elsewhere: Mr Jim Barisada, for instance, chairman of Netscape, or even Mr Mandl himself.

Richard Waters

Lucent in \$1.8bn voice mail purchase

By Louise Kehoe
in San Francisco

Lucent Technologies, the communications equipment group spun off last year by AT&T, is to acquire Octel Communications, a leading supplier of voice mail systems, for \$1.8bn in cash, or \$31 a share.

The acquisition would enable Lucent to enter the rapidly-growing market for equipment used in the voice mail systems used by businesses and provided to consumers by telephone and cellular telephone companies, said Mr Rich McGinn, Lucent president.

The deal also puts Lucent in the forefront of the market for "unified messaging systems" which combine voice mail, facsimile and electronic mail.

Octel also has a fast-growing outsourcing business that provides voice mail services to telephone companies and other businesses.

Mr Robert Cohn, Octel Communications founder, chairman and chief executive, will join Lucent's senior executive team as president of a new messaging unit. It will combine Octel's operations with Lucent's existing messaging business creating an operation with annual revenues of more than \$1bn.

The total messaging market is currently worth more than \$5bn annually and is expected to double to \$10bn by 2000, according to market research estimates.

Lucent said the acquisition would result in a non-cash charge against earnings in the fourth quarter. While not specifying the amount, Lucent expected the charge to have a significant effect on net earnings for the quarter and year.

The terms of the acquisition represent a premium of about 17 per cent over Octel's closing price on Wednesday.

AMERICAS NEWS DIGEST

IBM, Gemplus in smartcard deal

International Business Machines and Gemplus, the French plastic card and smartcard producer, agreed yesterday to co-operate in the provision of smartcard-based business solutions. The agreement, signed in Paris yesterday, marks a further important step towards establishing smartcards - plastic cards with a built-in microprocessor chip - as a mainstream technology for a range of applications including electronic transactions, travel and the provision of government services.

Gemplus claims to be the world's largest provider of smartcards, while IBM has considerable systems capabilities and expertise. Their partnership is expected to lead to a faster uptake of smartcards, particularly in the US which has lagged behind Europe in this area.

The agreement covers joint marketing, sales and development efforts in the fast-growing smartcard market, which some analysts expect to grow from being worth \$1bn currently to about \$20bn by 2000-2001. It is estimated there would be between 2.5bn and 3bn smartcards in use by the end of the decade.

The latest agreement comes just a few months after Motorola, another smartcard chip maker, announced it was setting up a dedicated smartcard business division.

Paul Taylor

TELECOMMUNICATIONS

Charge helps hold Sprint back

Sprint, the US telecoms operator, said its second-quarter results were driven by a double-digit growth rate in long-distance call volumes and a local access line growth rate at the top of the industry.

Sprint said it had net income of \$56m, or 55 cents a share, after a litigation settlement charge of \$20m before tax, or 3 cents after tax, compared with \$317m, or 73 cents, in the second quarter of 1996.

The First Call consensus estimate for the second quarter was for earnings of 63 cents a share. The company posted a 5.8 per cent increase in revenues to \$3.65bn from \$3.42bn in the second quarter.

Reuters, Kansas City

GLASS COMPOSITES

Owens Corning slips in term

Owens Corning, the glass composites and building materials maker, said yesterday it expected to surpass in 1998 the \$5bn sales target it had set for itself for the year 2000. The company reported a profit of \$1.11 per diluted share for the second quarter, compared with \$1.25 excluding special charges for the same period last year. It said it forecast 1997 earnings to be "on the low side" of a previously-discussed range of \$4.50-\$4.75 a share.

"While we expect volume growth to continue in both building materials and composites, pricing pressures will continue to exceed the contribution of our aggressive productivity programmes in the near term," it said.

The company added that it nevertheless saw a "positive impact" on fourth-quarter earnings from a recent increase in composite pricing. "In addition, our aggressive productivity initiatives are driving substantial cost improvements, led by the insulation business," it said. "We expect productivity of 7 per cent in the second half of this year."

Owens Corning said sales in the building materials business increased 8 per cent over the year-to-date quarter, while income from operations was up 4 per cent.

Reuters, Ohio

GRAIN

Go-ahead for UGG-ADM deal

United Grain Growers said its shareholders approved a deal in which Archer Daniels Midland Co will acquire a 45 per cent stake in Canada's second largest grain handler for C\$11.3m (US\$8.28m). Mr Ted Allen, UGG chairman, told a special shareholders' meeting that stockholders representing 5.2m shares approved the deal, with 4m votes against. In a deal announced on May 29, ADM agreed to acquire the UGG stake at C\$16 a share.

Alberta Wheat Pool and Manitoba Pool Elevators, which own a total of 14.98 per cent of UGG's outstanding limited common voting shares, had previously launched a C\$13.75 a share hostile bid for UGG. But they withdrew their offer in March after a Manitoba court ruled UGG's poison pill plan was valid.

Reuters, Winnipeg

NOTICE OF REDEMPTION
TO THE HOLDERS OF
Metromedia International Group, Inc.,
formerly The Actava Group Inc.,
formerly Fuqua Industries, Inc.

6½% Convertible Subordinated Debentures
Dated August 1, 1987 Due August 4, 2002
Redemption Date: August 20, 1997

NOTICE IS HEREBY GIVEN THAT, pursuant to Section 3.01 of the Indenture (the "Indenture") dated as of August 1, 1987 between Metromedia International Group, Inc. (formerly known as The Actava Group Inc., formerly known as Fuqua Industries, Inc. and referred to herein as the "Company") and Chemical Bank (now known as The Chase Manhattan Bank), as trustee thereunder, pursuant to which the Company's 6½% Convertible Subordinated Debentures due August 4, 2002 (the "Debentures") were issued, the Company has elected to exercise its option to redeem the Debentures in whole and does hereby call all of the principal amount of the above-described Debentures for redemption on August 20, 1997 (the "Redemption Date") at a redemption price (the "Redemption Price") equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. Accordingly, on August 20, 1997, the Redemption Price will become due and payable upon each Debenture and interest thereon will cease to accrue on and after said date.

In accordance with the terms and conditions of the Debentures and the Indenture, the right of conversion of any Debenture called for redemption into Common Stock of the Company shall expire at the close of business on August 19, 1997. The principal of the Debentures may be converted for shares of Common Stock of the Company at a Conversion Price equal to \$41.625 principal amount of each Debenture for each share of Common Stock. In order to exercise the conversion privilege, the Holder of any Debenture to be converted must surrender such Debenture to one of the addresses listed below, accompanied by written notice to the Company, both properly completed and executed, that the Holder elects to convert such Debenture. Holders of Debentures are urged to obtain current quotations for the Common Stock, which is listed on the American Stock Exchange (Symbol: MMG).

Debentures not presented for conversion by the close of business on August 19, 1997 will be redeemed at the Redemption Price.

On August 20, 1997 all Debentures (together with coupons appertaining thereto maturing after the Redemption Date) will become due and payable upon presentation thereof at one of the following locations:

London: The Chase Manhattan Bank Window and Vault Crosby Court 38 Bishopsgate London EC3N 4AJ	Switzerland: The Chase Manhattan Bank 33 Gartenstrasse 8002 Zurich Switzerland
France: The Chase Manhattan Bank Washington Plaza 42 rue Washington 75008 Paris France	Germany: The Chase Manhattan Bank Ulmstrasse 30 60325 Frankfurt am Main Germany
Luxembourg: Banque Internationale a Luxembourg S.A. 2 Boulevard Royal 2953 Luxembourg Ville Luxembourg	Belgium: Kredietbank Brussels Arenbergstraat 7 B-1000 Brussels Belgium

METROMEDIA INTERNATIONAL GROUP INC.

Dated: July 18, 1997

Corimon finds support among shareholders

By Raymond Colitt
in Caracas

The future of Corporación Industrias Montañas (Corimon), the troubled Venezuelan conglomerate, appears to have been secured by the emergence of a new group of controlling shareholders opposed to a wholesale break-up of the company.

Mr Carlos Gill, director of the local Interbank, who claims recently to have acquired more than a 20 per cent stake in Corimon on behalf of domestic and foreign investors, said that he had come to an agreement with the main shareholders to ensure the company's continued operations.

The group's main activities cover paints, packaging and retailing. One indication of continuity, Mr Gill said, was that Mr Francisco Layrisse, Corimon president, is likely to be confirmed as chief executive at a shareholders' meeting on July 21.

"Corimon is an important industrial platform in Venezuela and is set for important growth," Mr Gill said in an interview with the Financial Times. "Its rapid recovery is an indication of the company's strength," he said.

The group last month reported a return to net profits of 3.47bn bolivars (\$7.1m) in 1996-97, compared with a 105.7m bolivar loss the previous year. Mr Gill added that Corimon's capital to debt, and capital to asset ratios were now among the

strongest of any business in Venezuela.

However, Mr Gill said he was in favour of spinning off the petrochemical division. "With the opening of the country's petrochemical sector to foreign competition, it would be difficult to compete there," he said.

The group ran into financial problems in late-1994 following a failed expansion plan, and was close to bankruptcy last year. Its ADRs were suspended on the New York Stock Exchange in February last year because of reporting violations.

As a former creditor of Corimon, Mr Gill first acquired about 7 per cent of the company following a debt-for-equity swap earlier this year, which formed part of Corimon's recovery plan.

Three other principal stockholders have emerged, according to Mr Gill. He said they were Activales, the brokerage house, with an estimated 18 per cent share; Confederación Neumann, the original owner with 10-12 per cent; and a group led by Mr Eduardo Gómez Sigala, director of Banco Provincial and of the food and beverage group Empresas Polar. Mr Gómez is said to have acquired a 20 per cent share.

Shareholders next week will also vote on a proposal to consolidate Corimon's shares by converting its preferred class B shares into common class A shares. The consolidation is seen as a prerequisite for Corimon's ADRs to resume trading on the NYSE.

صكيا ن الاميل

Louisiana Land and Burlington Resources to join forces in tax-free pooling of assets

US oil groups agree \$3bn merger deal

By Christopher Parkes
in Los Angeles

Shares in US oil and gas group Louisiana Land and Exploration jumped 17 per cent yesterday on news that it is to merge with Burlington Resources in an all-share deal valued at \$3bn.

The link, which is designed as a tax-free pooling of assets, and is expected

to be completed in about three months, marks a further stage in the steady consolidation of the US oil and gas industry.

Mr Bobby Shakouls, Burlington chairman and chief executive, said yesterday he was still on the look-out for further acquisitions. Even after assuming \$600m of LL&E debt, his company had a relatively low debt to capi-

talisation ratio of 40 per cent, and was well-placed for future cash or stock deals, he said.

Independents such as LL&E and Burlington are tending to come together to better resist competitive pressure from larger, integrated groups which are pooling refining and marketing and other downstream assets and sharpening their

focus on exploration and production.

Pennzoil and Conoco, for example, earlier this week agreed to pool their speciality petroleum products businesses in a 50:50 joint venture to be called Penconco.

The enlarged Burlington group, which will continue to be headed by Mr Shakouls, will have an estimated

7,700bn cu ft of natural gas reserves, making it the biggest US independent by this measure.

The merger would have an immediate positive effect on cash flow, and allowed for "substantial savings", the companies said.

Although analysts said Burlington was paying a hefty premium for LL&E's assets, and the buyer's

shares slipped marginally on the news, the merger was viewed favourably as a good strategic fit.

Burlington, hitherto confined mainly to the US, will gain access to LL&E's operations in the UK sector of the North Sea, Algeria and Indonesia.

The combined group will also have substantial holdings in the Gulf of Mexico.

Bankers Trust, Salomon beat expectations

By Tracy Corrigan
in New York

Bankers Trust and Salomon yesterday reported stronger-than-expected second quarter results, confirming that investment banking and trading revenues bounced back strongly after difficult market conditions held back performance in April.

Driven by a 23 per cent surge in revenues, Bankers Trust reported net income for the second quarter of \$18m, exceeding last year's net income of \$15m and the first quarter's \$16m. Earnings per share of \$2.07 beat analysts' estimates of \$1.83. Return on equity rose to 15.2 per cent compared with 12.9 per cent a year ago.

Mr Raphael Solfer, financial services analyst at Brown Brothers Harriman, said that Bankers Trust's earnings were reminiscent of its performance prior to its 1994 derivatives scandal, which caused the bank to sink into losses for a time.

Treasury and trading-related net interest revenues rose to \$430m, from \$210m a year ago, fuelled by a rebound in the risk management services business.

"The pieces are coming into place business by business," said Mr Richard Daniel, Bankers Trust chief financial officer. "The company is feeling good about itself - and this is before we even get the bene-

fits of the Alex. Brown merger."

Shareholders are expected to approve the bank's merger with Baltimore-based investment bank Alex. Brown on August 13, and the deal is expected to be completed in early autumn.

Alex. Brown's second-quarter earnings, also announced yesterday, fell to \$31.8m, from \$39.8m a year ago. Investment banking revenues slid 29 per cent due to weaker underwriting business in the second quarter, as its business in initial public offerings suffered from volatile market conditions.

Salomon reported net income of \$220m, compared with income from continuing operations of \$298m a year ago, but above the first quarter's \$173m. Earnings per share of \$1.77 were substantially above analysts' estimates of \$1.35.

Commodities trading, which produced net revenues of \$91m in the second quarter compared with a loss of \$18m a year ago, improved despite the weakness in the oil price.

Investment banking revenues were \$221m, virtually unchanged from the previous quarter but down from last year's record.

Mr Robert Denham, chairman and chief executive officer, described the performance as "very solid", producing a return on equity of 17 per cent.

Apple up on news of reduced deficit

By Louise Kehoe
in San Francisco

Apple Computer's shares moved higher yesterday on news of narrower than expected third quarter losses, reported after the close of trading on Wednesday.

The stock was trading at \$17 1/2 in mid-session yesterday, up \$1 from Wednesday's close.

The net loss for the quarter ended June 27 was \$56m, or 44 cents a share, against a net loss of \$706m, or \$5.64, in the third quarter of 1996, after restructuring charges.

Wall Street analysts had predicted losses of \$70m-\$100m in the wake of last week's resignation of Mr Gil Amelio, Apple chairman and chief executive.

Apple still faces serious problems, analysts said, noting that revenues declined in the third quarter to \$1.7bn, down 23 per cent from \$2.2bn last time.

The outlook for revenue growth was uncertain, said Mr Fred Anderson, chief financial officer. He also confirmed earlier hints that Apple did not expect to return to profitability in the fourth quarter.

Apple was not seeking a buyer, Mr Anderson said, and had not been approached by any interested parties.

Product launches help lift Merck 19%

By Tracy Corrigan
in New York

Merck shares climbed 19% to \$105 yesterday after the pharmaceutical company reported a healthy 19 per cent increase in net income to \$1.15bn for the second quarter. Sales of \$5.8bn were 20 per cent higher than the previous year.

"Sales growth continued to be led by established, major products, recent product introductions and the Merck-Medco Managed Care business," said Mr Raymond Gilmartin, chairman and chief executive officer.

Analysts said Merck's performance looked strong in comparison with less impressive results this week from Pfizer and Johnson & Johnson. Merck's earnings per share of \$0.96 were in line with analysts' estimates.

"It's a good quarter," said

Mr Mario Corso, an analyst at Rodman & Renshaw, noting that a number of products launched in the last 12 months or so were "all accelerating quite nicely".

For example, Crisivan, Merck's protease inhibitor for the treatment of HIV infection in adults, holds about half the US market, less than a year after it gained approval for marketing in the US.

Zocor, Merck's anticholesterol drug which has faced fresh competition from Warner-Lambert's Lipitor, still holds a 40 per cent share worldwide of a market which is growing by 20 per cent a year in important areas, the company said.

However, it will face further competition from Bayer's Celestin later this year.

Competitive threats in this and other areas, such as the anti-hypertensive market, are "placing a greater burden of growth on Merck's next wave of new product introductions", according to Mr Kenneth Kulju, pharmaceuticals analyst at UBS Securities.

Among promising products due to be launched in 1998 are Propecia, its treatment for male pattern baldness.

Analysts said it was proving more effective than Pharmacia & Upjohn's Rogaine and should win substantial market share.

Also in the pipeline are Maxalt, a new anti-migraine drug, and Singulair, a once-daily asthma drug.

Shares in Astra, the Swedish pharmaceuticals group, fell sharply as investors reacted to slower-than-expected growth in US sales of Losec, the anti-ulcer agent which is the world's biggest-selling prescription drug.



Raymond Gilmartin: new products helped fuel the advance

Greg McIvor adds from Stockholm. Losec is sold in the US through a joint venture with Merck.

Astra's most-traded A shares slid \$K9.50 before rallying to close down \$K1.6

at \$K151, a fall of 3.8 per cent.

Losec's sales in the US rose 28 per cent in the first half, compared with growth of 33 per cent at the same stage last year.

Coca-Cola upbeat as profits rise 25% in second quarter

Coca-Cola, the US soft drinks company, is "poised for a year of unusually strong growth," Mr Roberto Goizueta, chairman, said in Atlanta yesterday, write our New York Staff.

The rise in worldwide shipments, measured in gallons, accelerated to 9 per cent in the second quarter, with the fastest growth coming outside the US.

Volume increases were especially marked in the Latin America region and in Asia, with gains in case sales of 28 per cent in China and 19 per cent in the Philippines.

The only weak spot was Germany, where a difficult economic environment led to a 4 per cent decline in unit case volumes.

Net income in the second three months rose 25 per cent, to

\$1.21bn, or 53 cents a share. As anticipated, the figures include an after tax gain of \$200m from the sale of the group's stake in Coca-Cola Bottlers Philippines to Coca-Cola Amatil, the Australian bottler.

Net income per share for the half year was 31 per cent higher at 83 cents.

Mr Goizueta said the group had been taking bold steps to

strengthen its global system, announcing more than \$7bn in transactions in the half year.

The sale of bottling operations in France, Belgium and east Germany had reduced revenues but increased profit margins, by shifting a larger proportion of the business from the lower margin bottling activities to the higher margin concentrate side.

This strategy was leading to "an increasingly aligned company/bottler system with greater capability to capture the huge opportunities for profitable growth," Mr Goizueta said.

Unit case volumes rose 4 per cent in the US during the second quarter, a little slower than in the first three months but still well ahead of the competition.

Coca-Cola claimed that it con-

tinued to gain share in its home market in the latest period, with its volume growth increasing by more than 1.5 times the rate of the US soft drinks industry as a whole.

This was the result of the introduction of new products such as Surge, a citrus soda, as well as what was described as core increases in the group's core brands.

In the wake of the budget

If the budget has prompted you to think about your business from a different standpoint, might we suggest a view from the Finance Directors' Forum on board the P&O ship Victoria in June next year?

Over two concentrated days, finance director delegates and key executives from leading supplier companies will work to their own tailor-made schedule of conference sessions, business meetings and industry think tanks in a format specifically designed for senior people who rarely attend other events.

In fact, a summit at sea.

If you'd like to find out more about the Finance Directors' Forum, or any of the senior-level events organised by Richmond Events, please contact Elizabeth Sillars on

0181 479 3223

or e-mail ef@richmondevents.co.uk

FINANCE
DIRECTORS'
FORUM

The P&O ship Victoria, 20-21 June 1998

Invitation to prequalify

July 18, 1997



Empresa Guatemalteca de Telecomunicaciones

The Government of the Republic of Guatemala and Empresa Guatemalteca de Telecomunicaciones - Guatel ("Guatel"), advised by J.P. Morgan Securities Inc., are seeking a strategic investor to buy between 51% and 95% of the shares of a newly formed Guatemalan corporation (the "Company") to which Guatel will have transferred an important portion of its assets. The shares of the Company will be sold through an auction process. All interested parties are hereby invited to begin the prequalification process for the auction. Prequalified parties will receive an information memorandum and be invited to visit the data room, and conduct on-site due diligence prior to the submission of their bids.

The Company will be a substantial provider of telecommunications services in Guatemala and will own and operate a significant part of all the public telecommunications network facilities therein. It will be 95% owned by Guatel and transferred to a trust for the benefit of the Republic of Guatemala, and 5% will be offered to Guatel's employees. The core business of the Company will include the provision of local, long distance and international telecommunications services. In addition to voice telephony, the Company may also provide telex, telegraph, leased lines and data network services.

The attention of interested parties is drawn to the following features of the tender process:

- The winning bidder will acquire at least a 51% equity interest in the Company
- Bids may be made by either individual prequalified operating investors or consortia which may include financial investors; prequalified operating investors must comprise at least 20% of any consortium
- This invitation to prequalify is addressed to operating investors only; registration of consortia and/or financial investors will not be required
- The auction will be subject to detailed terms and conditions which will be made available to all prequalified parties

Parties interested in participating in the prequalification should make a written request for information concerning prequalification to:

J.P. Morgan Securities Inc.
Attn: Willard Gardiner and/or Stephanie Segal
60 Wall Street, New York, NY 10260-0060
Telephone: (212) 648-9134 Facsimile: (212) 648-5747

This request should be made in English. The information provided to interested parties will include prequalification criteria and will be released following receipt of the written request. Responses from interested parties demonstrating their compliance with the prequalification criteria must be received by J.P. Morgan Securities Inc. no later than August 8, 1997.

EUROPEAN NEWS DIGEST

Mr Pistorio said the group had still not received Ecu18m (\$16.38m) of state aid the European Commission has been trying to block in the face opposition from Mrs Edith Cresson, the research commissioner. He was confident the Commission would reconsider its position.

Country	Company	Date	Buyer	% acquired	Amount paid (\$ mil)	Price per share (\$)	Adviser
Estonia	Estonia Telecom	1992	Sales/Tele. AG (Tele. 55%) Telecom Finland 55%	49	88.5	325	
Hungary	Matáv I	Dec 93	Magyarcom (Deutsche Telekom 50%, Ameritech 50%)	36	875	2,319	New Republic Goldman Sachs
Latvia	Lattelekom	Jan 94	Täts Communications (Cable & Wireless 63%, Telecom Finland 27%, IFC 10%)	49	180	454	
Czech Republic	SPT Telecom	Jun 95	TeleSource (KPN 51%, Swiss PTT 49%)	27	1,320	2,173	JP Morgan Goldman Sachs
Hungary	Matáv II	Dec 95	Magyarcom (Deutsche Telekom 50%, Ameritech 50%)	37	882	1,217	Deutsche Morgan Grenfell/CSFB
Yugoslavia	Telekom Srbija	Jun 97	Stet 29%/OTE 20%	49	912	889	NatWest (adviser to Stet)

Source: UBS

Kevin Done

The Czech government said yesterday it would launch a Kč1bn (\$30m) bond issue on August 1 as the first tranche of what is expected to be a Kč5bn issue to finance flood relief. The Kč1bn issue will carry a coupon of 12.5 per cent for the first year and of inflation plus 250 basis points for the remaining four years. Torrential rain this month has devastated parts of the east of the country, causing heavy loss of life and severely disrupting industry.

Our efforts continue.

Merrill Lynch, which has an option to sell the shares back to the government at the end of January, would not comment on the strike.

The government still plans a 10 per cent domestic public offering in November. But traders and Bezeq officials are concerned that Merrill Lynch could offer institutional investors a lower price, which could jeopardise the government's chances of attracting a good response. The government still holds 33.5 per cent of Bezeq.

صیغتا من الامل

UK remains 'flagship' Qantas route

By Michael Skapinker, Aerospace Correspondent

Australia's economic future might be Asian, but the UK remains a far more profitable market for Qantas, according to Mr James Strong, chief executive of the Australian airline.

"There's so much said about economic growth in Asia and how well placed Australia is to compete there. It's true, but the irony is that the least profitable part of our operation is in Asia," Mr Strong said.

Low-cost Asian carriers push fares down, making it

more difficult for Qantas to compete. Mr Strong would not reveal what proportion of his airline's 1996-97 pre-tax profit of A\$401.4m (US\$295m) came from flying the UK-Australia route, but the UK was "our flagship market".

An important reason for the profitability of Qantas' UK operation is its four-year-old alliance with British Airways. The UK carrier bought a 26 per cent stake in Qantas in 1993 for A\$665m.

While BA struggles to win US, UK and European regulatory approval for its alliance with American Airlines, it has been steadily

strengthening its links with Qantas. Yesterday, the two companies held their first joint board meeting in London.

Although the two airlines had competed fiercely, they have also had intermittent links for decades. The first was in 1931, when Qantas and Imperial Airways - a forerunner of BA - operated a joint mail service between the UK and Australia.

The alliance between the two really took off in 1995, when the Australian Trade Practices Commission agreed they could co-operate closely on schedules, prices

and marketing. The co-ordination of flights allowed the two airlines to manage their aircraft capacity more carefully.

BA reduced its capacity on the Australia route by the equivalent of a 400-seat Boeing 747-400. Qantas saved the equivalent of a 250-seat Boeing 767-300, which Mr Strong said was worth A\$50m a year to the airline.

Qantas has spent A\$100m installing BA's computerised yield management system to replace the two systems it had been using.

The two airlines have a single management struc-

ture in parts of Asia and share airline lounges around the world. They also purchase crew accommodation jointly.

BA has three directors on Qantas' 12-member board. Mr Strong said that while the UK carrier has no influence over the day-to-day running of Qantas, relations between the two have become steadily closer.

Qantas and BA intend to use their route structures to sell more long-haul tickets to leisure travellers. By flying with both airlines, customers travelling between Australia and the UK could stop

off in Johannesburg, Tokyo, Seoul or Beijing.

Qantas already has a code-sharing arrangement with American, allowing the two to sell tickets on each other's flights.

Approval of the BA-American link would create a trilateral alliance. Mr Strong refused to discuss what might happen if the BA-American alliance is not approved and the UK carrier links up with another US airline such as Delta instead.

"We expect BA-AA to be approved and implemented," he said.

ASIA-PACIFIC NEWS DIGEST

Giordano rises 16% on flat sales

Giordano International, the Hong Kong-based clothing retail chain, yesterday reported a 16 per cent increase in interim net profits from HK\$10.1m to HK\$12.7m. The company, which has been plagued by problems in China since Mr Jimmy Lai, its founder and former chairman, criticised Chinese premier Li Peng in his weekly Next Magazine three years ago, said it had achieved modest profit growth in the mainland. Sales, however, were flat - turnover was down 3.5 per cent over the year.

In contrast, the group's manufacturing operations had a bleaker period; total manufacturing sales (net of intra-group sales) fell 35.9 per cent to HK\$161.3m and Mr Jimmy Chan, executive director, said the profit contribution was also unsatisfactory.

"During the first half of 1997 the group's manufacturing operations in China had not fully recovered from setbacks experienced in 1996 and wastage and inefficiencies were encountered as the group re-aligned its production facilities," he said.

Appeals against penalty notices received by some manufacturing subsidiaries in China are continuing. Earnings per share rose 15.8 per cent from 15.54 HK cents at the first half of last year to 18 HK cents.

The directors are proposing an interim dividend of 5 HK cents per share, up from 4.5 HK cents in 1996.

Louise Lucas, Hong Kong

CAR ENGINES

Nissan to lift VQ production

Nissan is planning to increase production of its energy efficient VQ six-cylinder engines, which are used in its large saloons. The Japanese carmaker is considering using the engines in a wider range of its models.

Nissan will build production facilities at its plants in Iwaki or Yokohama, which would come on line in early 2000, with capacity of 10,000 engines a month. The investment has been estimated at up to Y200m (\$120m).

Bethan Hutton, Tokyo

AUSTRALIAN PAY-TV

Australis Media shares suspended

The Australian pay-TV industry looked poised for rationalisation yesterday when shares in Australis Media, the smallest of the country's three main pay-TV operators, were suspended from trading. The suspension followed a jump in the company's share price of 5.5 cents to 20 cents on Australian stock exchanges.

The rise reflected rumours that a deal was imminent with Foxtel, the rival pay-TV venture jointly controlled by Rupert Murdoch's News Corporation, and Telstra, the Australian telephony group.

The Australian Stock Exchange issued a statement yesterday indicating the suspension followed an exchange query to the company over the reasons for the price rise.

Any deal between Australis and Foxtel would require approval from several Australian authorities.

A previous merger deal between the two companies was rejected by the Australian Competition and Consumer Commission.

Bruce Jacques, Sydney

Comments and press releases about international companies coverage can be sent by e-mail to international@companiestimes.com

Company failures hit banks in Korea

By John Burton in Seoul

Large corporate bankruptcies caused South Korea's 25 commercial banks to suffer a combined net loss of Won77.8bn (\$67m) for the first half of 1997 against a net profit of Won437.5bn a year ago.

The poor results reflected the failure of some of Korea's biggest conglomerates - including the Hanbo and Sammi steel groups and the Jinro liquor and Daewoo textile companies - because of an economic slowdown. Reserves for non-performing loans increased 153 per cent to Won1,540bn.

Ten banks reported net losses, with a combined deficit of Won570bn. They included Korea First Bank with a net loss of Won366.5bn and SeoulBank with Won130.9bn.

Korea First was the largest creditor to the Hanbo steel group, which collapsed in January under debts of nearly \$6bn. The bank is expected to suffer further losses following this week's financial rescue of Kia, Korea's third largest carmaker, for which it was the biggest commercial lender.

The central bank said yesterday it was considering providing emergency loans to Korea First at a low 3 per cent interest rate to prevent the bank from suffering a funding shortage.

The other loss-making banks were much smaller commercial and provincial banks.

Kookmin Bank, which concentrates on retail banking as opposed to industrial lending favoured by the country's main commercial banks, reported the largest profit at Won112.4bn, up 12.3 per cent.

Shinhan Bank, which has a record of being among Korea's most profitable, reported a 30.5 per cent increase in net earnings to Won98.5bn.

Cho Hung Bank had a 10.5 per cent rise in profits to Won70.5bn, while Hanil reported an 86 per cent jump to Won32.8bn. Commercial Bank of Korea suffered a 46 per cent fall in profits to Won42.5bn, while Korea Exchange Bank had a 43 per cent decline to Won41.7bn.

Total operating profits for the banks decreased by 1.3 per cent to Won2,264bn, with Kookmin posting the biggest operating profits at Won313.7bn.

Shadows fall over fab golden age

Chip foundry pioneer TSMC is facing growing competition and falling margins

For a company whose founding premise was widely greeted with scepticism, Taiwan's leading semiconductor chipmaker may feel vindicated to find itself surrounded by a host of imitators.

More players chip in



Morris Chang, TSMC chairman

But the abundance of flat-iron is a headache for Taiwan Semiconductor (TSMC), which a decade ago pioneered the concept of a dedicated foundry chipmaker and is now the world's biggest. A foundry custom-makes chips on contract to design houses that lack their own plants, or "fabs".

"Back in 1987, people thought we couldn't make a living doing fab only. Many senior figures in the US semiconductor industry did not think the idea would be commercially viable," says Mr Morris Chang, founder and chairman of TSMC.

Philippe was an exception and the Dutch electronics group holds a 39 per cent stake in one of Taiwan's most spectacular business success stories. The other big shareholder is the government with 25.8 per cent.

"TSMC is the model for foundry companies worldwide," says Mr T. H. Son, a semiconductor analyst at Dataquest, which tracks computer industry trends.

But how much longer TSMC can maintain its comfortable - and lucrative - edge has come under scrutiny as its chief rival turns up the heat.

United Microelectronics (UMC), whose foundry arm was set up two years ago under the stewardship of Mr Robert Tsao, its chairman, last week lured a top executive from TSMC on the heels of announcing a T\$500bn (US\$18bn) expansion plan over the next decade.

The bold moves threw a spotlight on the intensifying rivalry between Taiwan's

two biggest chipmakers and on the prospects for the foundry chip business.

Growth in the foundry segment is outpacing that in the entire fast-growing semiconductor industry. Dataquest estimates that the market share of fabless chipmakers - foundry chip production - will rise from 9 per cent of total chip sales in 1997 to 16 per cent in 2000.

TSMC alone has about 40 per cent of the world's foundry business and Taiwanese foundries combined have 70 per cent. Initiators have sprung up or are planned elsewhere, especially in south-east Asia.

Mr Chang is sanguine on TSMC's prospects in spite of an expected decline in profits this year after prices slashing in the chip industry and aggressive competition from other foundries.

"We have built up our competitive barriers and even with the intensified competition our profits are still quite handsome," he says, with a hint of Texas twang acquired during many years at Texas Instruments, the US electronics concern.

"Our competitors who cut prices have not done nearly so well as we have in either profitability or market share. I think we have weathered this first round of competition very well, and emerged as an even stronger company."

Crucial to keeping ahead of the competition will be maintaining its edge in advanced technology.

In April TSMC announced a plan to invest T\$400bn over 10 years to expand capacity and improve technology. The company is also trying to distinguish itself in value-added services for clients through a "virtual fab" concept.

Customers will be able to trace their order through the production process via "off-site online" browsing services. TSMC will also offer intellectual property brokering for clients.

Good as this sounds in theory, it may be hard to put into practice, says Mr Derek Tien, an electronics analyst at Merrill Lynch. Still, TSMC has built strong loyalty

among customers who give it highest marks for quality. "Customers will not easily switch foundry supplier because it can be a painful process," he says. "As the industry leader, there is no reason for TSMC to slash prices, but they do need to justify the premium."

Merrill Lynch expects gross margins in the foundry sector to decline from 56 per cent in 1996 to 36 per cent in 1997. TSMC has the potential to become one of world's biggest semiconductor companies, but can it maintain fast growth as it enters a new era of competition?

"TSMC has grown so fast because it offered something no else had: it gave design houses without production facilities an opportunity to grow," says Mr Boris Petarsik, electronics analyst at BZW Securities. "Before, it could pick out the winners, but now it is managing a portfolio of clients so its performance will reflect to a greater extent what is happening in the semiconductor industry as a whole."

Punishing industrial cycles could make it difficult

to finance expansion internally, forcing TSMC to rely on funds raised elsewhere, analysts say.

But Mr Chang is confident the industry's "golden age" will continue for at least the next decade, with annual growth at 10 to 15 per cent.

He predicts that at that point development of semi-conductors may hit "physical or atomic" barriers. "When that happens, this industry may become more like the steel or auto industry," he says. His vision may be proved right once again.

Laura Tyson

Thai Airways to sell 250m shares

By Ted Sardaoka in Bangkok

Thai Airways, the country's state-owned flag carrier, is seeking to capitalise on the rise in its share price by selling 250m additional shares to the public by the end of the year.

The sale would reduce the Thai government's stake in the airline from 93 per cent to 76 per cent.

Company executives said the airline also has a tentative plan to float another 500m shares by the end of

the decade, further reducing the government's stake to 47 per cent.

Of the shares to be sold this year, 150m will come from those held by the government and 100m would be new shares.

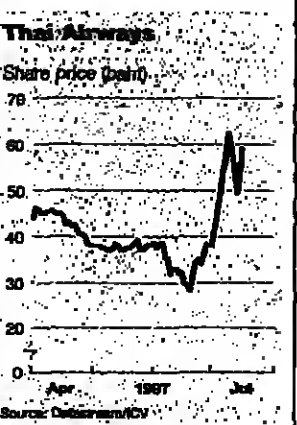
Revenue would help finance the company's five-year Bt20bn (\$622m) expansion plan, but it remains unclear if the Thai government will retain some of the proceeds.

Analysts said the announcement was likely to have been prompted by the

rise of more than 50 per cent in the airline's share price since the Thai baht was devalued two weeks ago.

With 46 per cent of its revenues in dollars and 22 per cent in other currencies, compared with 43 per cent of its costs in baht, the carrier is likely to suffer very little or even benefit from the devaluation, analysts said.

Thai Airways closed yesterday on Bt2 at Bt61.00, slightly above its initial public offering price when the company went public six years ago.



BANCO DI NAPOLI
Public Limited Company - Registered Office in Naples
Member of the Interbank Deposit Protection Fund
Share Capital Lit 2,411,535,602,000
Registered at the Court of Justice in Naples, no. 4189/91
Registered at the Chamber of Commerce in Naples, no. 467825
Raided Register no. 2862
Tax and VAT Code 00383390633

NOTICE OF EXTRAORDINARY AND ORDINARY GENERAL MEETINGS
Notice is hereby given that the extraordinary and ordinary General Meetings of the Company will be held at the Company's registered office at Via Toledo 177, in Naples, Italy, on 7th August 1997, at 10.00 a.m. if the quorum is not reached, they shall be adjourned on 8th August 1997, same time and place, for the purpose of discussing and voting on the following agenda:

Extraordinary General Meeting
1) Amendment of the articles No. 2, 6, 11, 12, 13, 15, 16, 17, 18, 22 of the Statutes; cancellation of the provisional article of the Statutes and introduction of two new articles on the Executive Committee that will follow art. 14.

Ordinary General Meeting
1) Resignation of the members of the Board of Directors and Board of Auditors;
2) Determination of the number of members to sit in the Board of Directors;
3) Appointment of Directors;
4) Appointment of the Chairman of the Board of Directors;
5) Determination of the emoluments of the Directors;
6) Appointment of the Board of Auditors' members;
7) Appointment of the Board of Auditors' Chairman;
8) Determination of the emoluments of the Board of Auditors' members and Chairman;
9) Board of Directors' report on the mandate conferred to them by resolution of the General Meeting dated 30th July 1996 to explore the possibility of initiating proceedings also against other Directors and Auditors - relevant resolutions;
10) Adjustment of the cost of certification of the 1997 interim accounts.

The right to attend and vote at the General Meeting is regulated by the Articles of Association and by the legislation currently in force.

The right to attend and vote is reserved to those shareholders holding ordinary shares of the Company who, at least five days before the date set for the Meeting, have deposited their shares with Banco di Napoli SpA's branches or with one of the following designated banks:

Banco Commerciale Italiano - Banco di Roma - Banco Nazionale del Lavoro - Banco di Sardegna - Banco di Sicilia - Credito Italiano - Istituto Bancario San Paolo di Torino - Monte dei Paschi di Siena - Monte Titoli SpA (for the shares it administers).

By order of the Board of Directors
The Chairman Giuseppe Falcone

Eletrobrás
Centrais Elétricas Brasileiras S.A.
- ELETOBRÁS
(Incorporated in Brazil with limited liability)
U.S. \$150,000,000
10% Notes due 1998
(de "Notes")

NOTICE IS HEREBY GIVEN, in accordance with the Terms and Conditions of the Notes, any Noteholder may require the Issuer to redeem any Note held by such Noteholder at 96.875 per cent on the Interest Payment Date falling on 30th October, 1997.

To require the Issuer to redeem Notes on any Interest Payment Date as provided above a Noteholder should complete, sign and deposit a form of Redemption Notice together with the Notes with all unexpired coupons appurtenant thereto at the specified office of any Paying Agent, between the period from 31st August, 1997 to 30th September, 1997. Any such exercise of this option shall be irrevocable, and any Note once so deposited may not be withdrawn, in each case without the prior written consent of the Bank.

Transfer & Paying Agents
Bankers Trust Company
1 Appold Street
Broadgate
London EC2A 4HE
Registrar & Transfer Agent
Bankers Trust Company
4 Albany Street
New York, NY 10006
U.S.A.

Bankers Trust Company, London

GENCOR LIMITED
(Registration number 0161232/06)
(Incorporated in the Republic of South Africa)
("Gencor")

Results of General Meeting

Gencor announced on 18 June 1997 that it was seeking to sell its non-precious metals interests to a new UK company, Billiton Plc ("Billiton") and its subsidiaries, that it would receive shares in Billiton and it would subsequently distribute these Billiton shares to its ordinary shareholders ("the transaction").

A circular was posted to Gencor shareholders on 25 June 1997 incorporating a notice of a combined general meeting of ordinary shareholders and 8% cumulative preference shareholders ("the General Meeting"). At the General Meeting held on 17 July 1997, each of the ordinary and special resolutions to implement the transaction was passed with the requisite majority.

It is expected that the London Stock Exchange (the "LSE") will approve the listing of Billiton on 28 July 1997, from which date the listing of Billiton will be effective on the LSE.

Gencor is pleased to confirm that the last day to register in order to participate in the distribution of the Billiton shares will be Friday, 25 July 1997. Shareholders are reminded that all dealings in Gencor ordinary shares during the week ending Friday, 25 July 1997 will be for immediate settlement on the Johannesburg Stock Exchange. Ordinary shareholders are also reminded that they will need to surrender their existing share certificates as Gencor ordinary shares are to be consolidated on a 1 for 5 basis from Monday, 28 July 1997 and existing share certificates will not be good for delivery from that date.

The relevant papers have been lodged with the High Court of South Africa in respect of the application for a reduction in Gencor's share premium account and the outcome will be announced in due course.

Johannesburg
18 July 1997

Share warrants to bearer

Holders of Share Warrants to Bearer ("Gencor bearers") are advised that:

Consolidation of Share Capital
The method by which the consolidation of the authorised and issued share capital of the Company on a one-for-five basis will be recorded on Gencor bearers is by adhesive labels. Supplies of these labels will be available on or after Monday 21 July at

In London
Gencor International Services Limited 1-3 Strand, London WC2N 5HA
Lloyds Bank Registrars Antholin House, 71 Queen Street London EC4N 1SL

In Paris
Credit du Nord Services aux Emetteurs, 50 rue d'Anjou, 75008 Paris

In Zurich
Any branch of Credit Suisse First Boston, Credit Suisse, Swiss Bank Corporation, and Union Bank of Switzerland

Coupon No 152
With regard to the distribution of shares in Billiton Plc to Gencor's ordinary shareholders by way of a distribution in specie the necessary Listing and Application Forms with which to apply for their entitlement are available from the above offices and must be completed and lodged together with Coupon 152 in accordance with the instruction thereon.

Circular to Shareholders
Copies of the Circular to Shareholders dated 25 June 1997 are also available from the above offices.

Reconversion
To receive their Billiton entitlement as a registered Gencor shareholder they must submit their Reconversion application to Gencor International Services by 12 noon on 22 July 1997.

per pro Gencor International Services Limited
London Secretaries
M Taylor

Chilean family raises copper mine stake

By Kenneth Gooding,
Mining Correspondent

The Lukic family of Chile is to invest a further £75.5m in Antofagasta Holdings, the London listed group with operations in that country.

The Lukics will take up 62.3 per cent of a placing and open offer that will raise about £120m net for Antofagasta.

The cash will help bring the group's £1.33bn (£79m) Los Pelambres copper project in the Andes into production by the turn of the century.

Antofagasta announced in May that it was to sell 40 per cent of the project to two Japanese consortia for £226m, and that two of the companies involved had also agreed to buy 13.5 per cent of annual output for the first 12 years.

Mr Anthony Blacklock, of HSBC Samuel Montagu, which is underwriting that part of the offer not being taken up by the family, said the Lukics' decision to maintain their existing percentage holding in Antofagasta reflected their faith in Los Pelambres, expected to become one of the world's biggest and lowest-cost copper mines.

He pointed out that the placing and offer would add to Antofagasta's market liquidity - at the current price the shares not held by the Lukics are worth about £300m.

Some 29.3m shares are to be placed or offered at 415p each. After the announcement yesterday the shares held steady at 437p.

Present Antofagasta shareholders will be offered two new shares for every 11 held. Merrill Lynch is stockbroker to the placing and offer.

Average annual production for the first 10 years is forecast at 246,000 tonnes of copper in concentrate (an intermediate material), 4,530 tonnes of molybdenum, 32,000 troy ounces of gold and 1.28m ounces of silver.

When these molybdenum, gold and silver by-products are taken into account, forecast cash operating costs are 43 US cents a pound.

British Steel buys back 5% of shares

By Jane Martinson

British Steel yesterday bought back almost 5 per cent of its shares for £144m (£940.5m) in an effort to strengthen its flagging share price. This is the first time the company, which was floated in 1988, has bought back its own shares. It won permission to buy up to 10 per cent of its outstanding equity at its annual general meeting in July last year.

Mr John Bowden, director of investor relations, said: "We believe that the company is dramatically undervalued. With a strong balance sheet, this does not affect our overseas expansion plans or our dividend policy."

He said yesterday that the group wanted to "keep its powder dry" on the remaining 5 per cent of shares it could still buy back. Yesterday investors welcomed the move, marking up the shares by 104p to 159p. British Steel paid 155p for the 93m shares it bought back.

Mr Bowden said the buy-back would enhance earnings by between 2 and 3 per cent this year. Mr Nick Judge, analyst at NatWest Markets, said the buy-back would improve the company's return on capital which has been badly hit over the

past year by the strength of sterling and the downturn in the steel market.

Several analysts downgraded their forecasts for this year after the group warned last month about the impact of the strong pound. The company said the brokers' consensus forecast was for pre-tax profits of between £100m and £200m.

The group announced a 59 per cent fall in pre-tax profits to £451m for the year to March. But profits are expected to be squeezed this year by the downturn in exports and rising imports from continental Europe.

With net cash of £786m at the end of March the group could buy a further 5 per cent of shares at yesterday's prices and be left with cash of between £200m and £300m at the year-end.

Its total dividend payout is expected to be in the region of £200m. The group maintained its dividend at 10p in the year to March. Since then the shares have underperformed the market by more than 25 per cent.

Fluctuations in steel prices and currencies have made British Steel's share price particularly volatile since it floated at 125p in 1988. After trading in a relatively tight range they plunged to an all-time low of 46.5p in 1992.

Reputations on the line

Alan Cane questions the BT chief's role in the MCI deal

Whether its proposed takeover of MCI goes ahead on the original terms or not, British Telecommunications' reputation as Europe's closest telecoms operator, along with that of chief executive Sir Peter Bonfield, has been well and truly tested.

Sir Peter, who won his spurs with the computer company ICL, is unused to hearing calls for his resignation on grounds of "poor management and judgement". Yet at BT's annual meeting this week, a string of small shareholders demanded to know why the deal was now in jeopardy and why MCI seemed to have the whiphand. It was, many argued, another tale of a UK company being "sucked" by a sharp, street-wise US operator.

BT has not done itself any favours. It has yet to give satisfactory answers to a number of uncomfortable questions. Why did it take it so long to realise that MCI's ambitious plans to enter the US local telephone market would cost significantly more than originally envisaged despite having senior members of BT management, including Sir Peter, on the MCI board?

Why has the company signed a schedule to the main agreement which apparently rules out renegotiation of the terms of the merger because of difficulties

in North America's local phone markets? Why did BT allow rumours to circulate for several days that it was seeking the resignations of two key members of MCI's management? Sir Peter said yesterday that the resignations of Mr Douglas Maine, MCI chief financial officer, and Mr Tim Price, head of MCI's telephone business, were not being sought.

The overall effect has been to portray BT as out of touch with its US partner, outsmarted by its partner's lawyers and overreacting badly to its partner's surprise disclosure.

A US investment banker said yesterday: "BT cannot have it both ways. It must either merge with a company like MCI for its entrepreneurial qualities and then rein it in."

The fact remains that the deal cannot proceed on the current terms.

Under the original terms, set out in November last year, MCI shareholders would have received, for each MCI share held, the equivalent of 5.4 BT shares plus \$6 in cash, valuing MCI shares at about \$38, a premium of about 30 per cent over MCI's market value at the time.

Yesterday, BT shares closed 5p down at 440p while MCI's were at about \$38. The deal is now worth about \$29.4bn compared with \$23.5bn last November. MCI



Challenged: Sir Peter Bonfield

shareholders could expect shares and cash worth \$42 compared with \$35 before.

Institutional shareholders are now arguing that the cost of the deal should be cut by 10-20 per cent. Is BT legally able to reopen negotiations? First, there is no legal or contractual provision for either side to change the terms of the agreement for any reason whatsoever.

BT's lawyers believe, however, that renegotiation is possible if either company felt that would be a better solution than abandoning the merger completely - which would inevitably lead to a long battle in the courts.

BT and MCI are this week beginning a thorough review of MCI's activities. At the same time, it is likely to explore with MCI the possibilities for renegotiation of the terms of the merger.

Most but not all analysts agree the deal still has sound strategic logic. An exception is Dr James Dodd of Dresdener Kleinwort Benson who argues that the real problem is not MCI's local market difficulties but the rapid deterioration of the

company's core \$15bn a year long-distance market. He suggests BT management should seize the opportunity to walk away from the deal. This would be possible, without penalty, if it could be shown there had been a misrepresentation of the circumstances which would materially affect the terms of the deal.

Others argue, however, that so much management status is tied up in the deal that neither side will abandon it. Mr Andrew Harrington, senior analyst at Salomon Brothers argues the deal will go ahead on time and on the original terms.

He says the market already supports this view pointing out that the difference between MCI's actual share price and the value implied by the merger has contracted to only 13 per cent. Before news of last week's difficulties, the difference had been 8 per cent, reflecting concern that the US regulatory authorities might seek concessions before approving the merger. After last week's bad news, it stretched out to 20 per cent.

ICI in \$500m Eurobond issue

By Roger Taylor

Imperial Chemical Industries is to raise about \$500m from the Eurobond market today or early next week in the first stage of a \$4bn fundraising exercise designed to cut the cost of its debt.

This will be the first time ICI has tapped the international capital markets since the 1993 demerger of Zeneca, its pharmaceuticals business, and will significantly increase the availability of ICI debt. Existing ICI bond issues are worth less than £200m and are extremely illiquid.

UBS and Deutsche Morgan Grenfell, joint lead managers, intend the new bond to be a benchmark issue. Analysts expected a fixed-rate bond dated at 3-5 years.

The move follows the sud-

den jump in the chemical group's debt from about £1bn to close to \$5bn after buying Unilever's specialty chemicals businesses for \$4.9bn last week.

The acquisition was funded with an \$8.5bn bank facility at 0.55 per cent above Libor. Credit rating agencies downgraded ICI after the increase in debt which is expected to cut interest cover to between two and three times this year. S&P cut its rating from A+ to A- and Moody's from A3 to Baa1.

Since then, ICI has announced asset disposals worth \$2.8bn which will halve debt to about \$3bn against shareholders' funds of about \$1bn. The remaining debt will be refinanced with up to \$4bn of eurobonds, significantly reducing interest costs.

RESULTS

		Turnover	Pre-tax profit	EPS (p)	Current payment (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year	
Dunelm	Yr to Mar 31	28.16	(22.8)	24.5	(20.8)	102.6	(89)	8	38	35
Elliot (5)	Yr to Mar 31	113.7	(118.4)	1,044.6	(5.06)	4.74L	(10.08)	1.8	1.8	3
Greenwich Rise	8 mths to Mar 31	0.041	(0.18)	0.073L	(2.19)	0.1	(1.7)	-	-	-
Hi-Tec Sports	53 mths to May 24	91.2	(82.8)	3.14	(2.03)	4.5	(2.5)	1.2	1.2	1.1
Highlight	6 mths to May 31	44.15	(38.3)	0.825	(1.81)	1.04L	(2.81)	0.5	1.3	3.55
Midland Security	Yr to May 2	102	(83.5)	3.1	(2.2)	8.9	(12)	5	6.75	6.75
Somerville	Yr to Apr 26	3,227	(3,181)	105.4	(82.4)	28.4	(29.3)	8.8	5	10.2
Stanley Leisure	Yr to Apr 27	406.8	(318.1)	19.44	(14.8)	11.7	(9.3)	2.8	2.825	4
Worthington	Yr to Mar 31	30.3	(27.1)	2.88	(2.01)	6.31	(5.7)	1.8	2.8	2.5
Investment Trusts										
		NAV (p)	Attributable Shareings (£m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year	
Aberlath Sessler	8 mths to June 30	282.1	(257.3)	3.97	(2.55)	4.85	(3.87)	2.65	2.25	6.14
Cheltenham	Yr to Mar 31	120	(102.4)	0.208L	(0.03)	1.32L	(0.18)	1.8	1	1.5
Emcor	9 mths to May 31	42.28	(27.63)	0.282	(0.452)	3.2	(5.12)	1.7	1.6	6.4
Finbury Tech	6 mths to May 31	121.9	(116.3)	0.252L	(0.789L)	1L	(3L)	-	-	-
Barrow British	6 mths to June 30	116.8	(107.8)	1.03	(0.879)	5.03	(4.28)	2.25	2.1	8.4
Harrogate Tech	6 mths to Apr 30	96.18	(-)	0.04	(-)	0.03	(-)	-	-	-
Thameswater	6 mths to May 31	83.8	(82.8)	3.33	(3.28)	1.06	(1.07)	0.9	0.9	2.3

Figures shown basic. Dividends shown net. Figures in brackets are for corresponding period. All other exceptional charge. Water exceptional credit. An increased capital charge. 20% Corporation tax 50% income tax. 10

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *After exceptional credit. *10m increased capital. *10m stock. *Comparative for 52 weeks. *Equivalent after allowing for scrip issue. *Includes 0.5p special payment. *Comparative restored. *A4 December 31. *Net total income.

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The Joint Administrative Receivers, A. P. Peters and J. B. Atkinson, offer for sale the business and assets of the above company which manufactures fresh meat pies, pork pies, pastries, sausage rolls and sausage.

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For further information, please contact Andrew Peters or Roger Brown at Deloitte & Touche, Colmore Gate, 2 Colmore Row, Birmingham B3 2BN. Tel: 0121 200 2211. Fax: 0121 695 5555.

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The Joint Administrative Receivers of Purpose Engineers Limited, L.K. Denney and J.B. Atkinson, offer for sale the assets and undertaking of this long established precision engineering company.

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For further information contact Lindsay Denney or Richard Fogarty at Deloitte & Touche, 1 Woodborough Road, Nottingham NG1 3FG. Tel: 0115 950 0511. Fax: 0115 936 3777.

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For further information or to advertise in this section please contact

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By direction of AP Peters Esq FCA and JB Atkinson Esq FCA of Deloitte & Touche

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Leonard Curtis & Partners, Chartered Accountants
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ofel

Office of Telecommunications

PROPOSED MODIFICATIONS TO LICENCES GRANTED TO OPERATORS OF MOBILE RADIO TELECOMMUNICATION SERVICES

1. The Director General of Telecommunications (the "Director") in accordance with section 12(2) of the Telecommunications Act 1996 ("the Act") hereby gives notice that he proposes to make modifications to the following licences granted under section 7 of the Act:

- (a) the licence granted to Telecom Securitor Cellular Radio Limited on 22 March 1994;
- (b) the licence granted to Vodafone Limited on 9 December 1993;
- (c) the licence granted to Mercury Personal Communications Limited on 9 May 1995;
- (d) the licence granted to Orange Personal Communications Services Limited on 27 July 1995.

2. The proposed modifications relate to the provisions on number portability and substantial new provisions relating to numbering will be required in consequence.

3. Number portability, which is described in the proposed modifications as "Portability", is a facility provided by one telecommunications operator to another whereby a customer who has been allocated a telephone number by an operator providing telephony services can switch supply of those services to another operator and keep the original number. The facility may apply to numbers which relate to a customer's mobile phone and in this case is known as mobile Portability. It may also apply to numbers relating to a customer's home or work place, in which case it is known as geographic Portability, or to numbers relating to services such as freephone, local charge, national rate and premium rate or personal numbering, in which case it is known as non-geographic Portability.

4. The effect of the proposed modifications is to:

- (i) oblige the Licensee to provide Portability on reasonable terms, to any Qualifying Operator in accordance with a Functional Specification. The Functional Specification is a document specifying technical and other principles enabling efficient implementation and utilisation of Portability and is published by the Director following consultation. A Qualifying Operator is a person who has requested a specific type of Portability from the Licensee and can themselves provide the same type of Portability on a reciprocal basis;
- (ii) provide that charges for the provision of Portability must be made in accordance with certain principles. The charges must be based on incremental costs, unless the parties have agreed some other basis or the Director has determined, on the application of either party, that another cost basis is appropriate. Costs are divided into categories defined in the provisions. System Set-Up costs are to be borne by the Licensee; specific charges based on the reasonable costs of providing Portability with respect to each Number are to be borne by the Qualifying Operator, but no charge may be made for any ongoing costs related to

registration of a ported number nor may a specific charge be made for Additional Conveyance Costs, which consist in those costs of conveyance incurred in setting up calls to ported numbers over and above the costs of conveyance of a non-ported call;

(iii) provide that where a Qualifying Operator has sought the provision of Portability from a Licensee, either party may refer the question of the reasonableness of certain matters to the Director for his determination. The provisions specify the matters which comprise the request for and extent of Portability; the costs; the basis for charges; the cost categorisation; the proposed charges and the proposed use of a higher cost method of implementing Portability where a lower cost method could or ought to have been used. The Director will consult before making any determination;

(iv) provide that Licensees may be obliged to provide a record of Portability transactions, specifying those numbers in relation to which they provide Portability and the operator to whom the facility is provided;

(v) provide that Licensees ensure that a subscriber may retain his number when transferring service to a new Service Provider.

5. The Director proposes to make the modifications because he has concluded that the absence of Portability inhibits competition in the mobile telecommunications market and that this is detrimental to the interests of consumers and operators against the public interest. The Director considers that without modification of the above mentioned licences, the availability of mobile Portability will be unnecessarily restricted and delayed.

6. The Director is required by section 12(2) of the Act to consider any representations or objections to the proposed modifications which are duly made and not withdrawn. Following consultation, the Director proposes to make the modifications forthwith following the Licensees' agreement to them.

Representations or objections to the proposed modifications may be made by 15 August 1997 to:

Adam Jackson, OFTEL, 50 Ludgate Hill, London EC4M 7J (Telephone 0171 634 8875). Any confidential material should be clearly marked as such and separated out into a confidential annex. All representations or objections received by OFTEL, with the exception of material marked confidential, will be made available for inspection in OFTEL's library. Short comments can also be e-mailed to OFTEL, or press.office@ofel.gov.uk.

7. In a second stage of consultation, interested parties are invited to send comments to OFTEL, no later than 29 August 1997 on comments received in the first stage. Copies of the proposed modifications may be obtained from Duncan O'Hall at the above address (telephone 0171 634 8873).

صكنا من الامل

British Steel
buys back
5% of shares

Nationwide pushed towards bank status

By Christopher Brown-Humes

The likelihood that Nationwide - the biggest remaining building society - may be forced to convert to a bank rose yesterday after it emerged there had been an unexpectedly big vote for controversial elections to its board.

Five rebel members of the Nationwide, led by former butler Mr Michael Hardern, are seeking election on a pro-conversion ticket. They are opposed by five existing board members committed to mutuality. The rebels say Nationwide's 3.5m members would receive a windfall worth at least £1,000 (£1,670) from conversion - but other estimates put the payout at up to £2,000. The latter would value the society,

which has £40bn of assets and 7m customers, at £7bn.

Mr Brian Davis, chief executive, said: "I would be very surprised if they [the rebels] do not get a lot of votes."

More than 1m Nationwide members have already voted in the postal ballot, with the result to be announced at its annual meeting on Thursday.

Mr Davis said it was "most likely" that a rebel triumph would force the society to convert or seek a bid - even though the dissidents would be in a minority on the 13-strong board.

He also called for legislation to protect building societies from further assaults from "carpetbaggers" seeking windfalls. The board elections have turned into a referendum on mutuality, with much more

than the future of the Nationwide at stake. Many building society executives fear that if the Nationwide is forced to convert, other mutuals - including Bradford & Bingley and Britannia - will have to follow.

The vote could not be taking place at a worse time for Nationwide, with more than 10m people receiving hefty windfalls from Halifax, Woolwich and Norwich Union in the last two months. Carpetbagging by speculators seeking windfalls has increased sharply, forcing Nationwide to suspend all new account openings last month.

One of the mutuals' key arguments is that consumers will lose out if building societies disappear because the banks will charge higher rates.

LEX COMMENT

Nationwide

High noon is approaching for the last big building society, and the omens are not good. Conceivably, the unexpected deluge of votes in the Nationwide's contested board election could come from traditionalist members passionately opposed to receiving big cheques. But it would be unwise to count on it. Far more likely, Nationwide members are succumbing in large numbers to the persuasive charms of upfront cash.

The pity is that they are doing so in such an unsatisfactory contest. Suppose the eclectic band of rebels seeking election do not win conversion enthusiasts could still argue that members were not backing the status quo, just reluctant to instal such an unqualified bunch on the board.

Nationwide should really have seized the initiative and put the question of conversion to a straight vote. That would have been a clean and meaningful test of members' views - something the pro/anti mutuality debate badly needs.

As it is, all the signs suggest Nationwide is preparing for a climbdown, assuming the vote goes the rebels' way. That is the right policy - although it would theoretically be possible to ignore a pro-rebel vote and live with their minority presence on the board, blatantly to ignore members' views in the name of mutuality would hardly look smart. But if so, the lesson should not be lost on Nationwide's smaller brethren. If they do not put the option of conversion to their members, sooner or later someone else will.

M&S in £192m spree

By Emilio Terazono

Marks and Spencer, the UK's largest clothing retailer, is buying 19 stores from Littlewoods for £192.5m (\$321.5m) cash.

Sir Richard Greenbury, chairman, told the annual meeting yesterday that the purchase of "prime retail locations" would increase M&S's presence in town centres where acquiring new sales space has been problematic.

The purchase will increase its selling space by 600,000 sq ft. One analyst estimated that it could add £360m to annual sales and £49m in operating profits.

M&S will start refurbishing the stores - a mix of freehold and leasehold - in February, and they are scheduled to open by autumn next year.

Refitting the stores is expected to cost £60m-£100m.

Euromoney's quantum leap

Virginia Marsh assesses the \$142m purchase of its US rival

Euromoney Publications' announcement on Wednesday of the \$142m purchase of Institutional Investor is a quantum leap, both into new territory and into a new league as a much larger publishing and exhibitions group.

The purchase of its US rival is by far Euromoney's biggest acquisition since it was set up with \$5,000 of seed money from Associated Newspapers in 1969. Since then it has grown to a business with a market capitalisation of about £340m, fuelled only by cash. It took out its first loan this week - a \$150m medium-term bank facility at 50 basis points over Libor.

The move also represents its first significant foray into North America, the world's largest English language market. Until now, says Mr Padraic Fallon, chairman, North America has only provided about 10 per cent of revenues and this has mainly come from US banks advertising in Euromoney publications to reach international markets. It expands

ing to the US. Euromoney is following a route trodden by its larger European rivals like Pearson, publisher of the Financial Times, and Reed-Elsevier, the Anglo-Dutch group.

"The trend is well-established and, with a few exceptions, British media groups have been successful in the States," says Ms Louise Barton of Henderson Crosthwaite, the brokers.

Like other analysts, she says that the price, at close to twice turnover, is reasonable. It is also well below the \$180m that Walt Disney, the vendor, had originally asked.

Disney took over II when it acquired Capital Cities, owner of the ABC television network last year and has since been selling off the Capital businesses not related to its core entertainment business.

Analysts believe the two businesses fit together well. It's strong North American

base - 73 per cent of its revenues come from the US - balance Euromoney's concentration on Europe and Asia. Both groups were founded by journalists in the late 1960s - Euromoney by Sir Patrick Serjeant, then City editor of the Daily Mail; II two years earlier by Mr Gilbert Kaplan, an American reporter who built his reputation on his incisive interviews with top Wall Street figures.

The two men talked about joining forces in the early 1970s and Mr Fallon does not disguise the fact that Euromoney, in its early days, loosely modelled itself on II.

Last year operating profits were \$22m on turnover of \$93.1m. Operating margins at its international financial publishing division were more than 30 per cent, among the best in the business.

II, by contrast, made operating profits of just \$1.5m, once losses of \$2.5m on new products were deducted, on revenues of about \$44m.

Mr Fallon says a key element in "moving margins in Euromoney's direction" will be profit-sharing arrangements.

"Profit-sharing has been the backbone of our success."

Euromoney's entrepreneurial stance has led some observers to question how well the editorial cultures of the two groups will meld.

"The culture at II is more patrician," says Ms Barton. "If there is any risk in this deal it is that the II people may not like Euromoney's aggressive style."

"But my guess is that they will be able to retain key people by incentivising them to the hilt."

This notice is issued in compliance with the requirements of the London Stock Exchange Limited ("London Stock Exchange") and appears as a matter of record only and does not constitute an offer or an invitation to subscribe for or to purchase any securities of Antofagasta Holdings P.L.C. Application has been made to the London Stock Exchange for the Stock Units to be admitted to the Official List. It is expected that admission will become effective, and that dealings in the Stock Units on the London Stock Exchange will begin, on 13 August 1997.

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(Incorporated and registered in England under the Companies Act 1985, No. 1627889)

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Copies of the prospectus relating to Antofagasta Holdings P.L.C. have been published and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) until 22 July 1997 by collection from the Company Announcements Office, the London Stock Exchange, Old Broad Street, London EC2N 1HP and until the conclusion of the Open Offer from:

HSBC Samuel Montagu
HSBC Investment Bank plc
Vintners Place
66 Upper Thames Street
London EC4V 3BJ

Antofagasta Holdings P.L.C.
Park House
16 Finsbury Circus
London EC2M 7AH

Date 18 July 1997

SCHRODER INTERNATIONAL SELECTION FUND

Société d'investissement à capital variable
Registered Office: 5, rue Hohenzollern, L-1736 Senningerberg
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DIVIDEND NOTICE

The directors have resolved to pay the following interim dividends:

Schroder International Selection Fund Global Bond	USD 0.1287 per share
Schroder International Selection Fund UK Equity	GBP 0.0163 per share
Schroder International Selection Fund European Bond	ECU 0.1273 per share
Schroder International Selection Fund Hedged Global Bond	USD 0.1083 per share
Schroder International Selection Fund Portfolio	GBP 0.0070 per share
Schroder International Selection Fund Asia Convert	USD 7.7243 per share

Record Date: 30 June 1997
Ex-Date: 01 July 1997
Payable Date: 30 July 1997

The Board of Directors

GBP 10,000,000

YORKSHIRE BUILDING SOCIETY

Floating Rate Subordinate Notes due 1999

Interest Rate 7.75%

Interest Period July 15, 1997

October 15, 1997

Interest Amount due on

October 15, 1997 per

GBP 100,000 GBP 1,953.42

BANQUE GÉNÉRALE DU LUXEMBOURG

Agent Bank

BANQUE SOFINCO

FRF 1,000,000,000

Flotting Rate Subordinate

Notes due 1999

Interest Rate 7.75%

Interest Period July 15, 1997

October 15, 1997

Interest Amount due on

October 15, 1997 per

FRF 100,000 FRF 1,953.42

BANQUE GÉNÉRALE DU LUXEMBOURG

Agent Bank

Notice to Holders of

Gas Argentina S.A.

U.S. \$130,000,000

7.75 per cent Participating

Notes due 1997-1998

NOTICE IS HEREBY GIVEN that

Additional Interest Rate payable on

the Annual Interest Period ending

28 December 1997 is equal to zero

Therefore, the total interest amount

payable upon presentation of coupon

\$6.3 on 28 December, 1997 will be

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Gas Argentina S.A.

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ARD CURTIS

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BTM (CURACAO) HOLDINGS N.V.

(formerly known as Bank of Tokyo (Curacao) Holding N.V.)

U.S. \$10,000,000

Flotting Rate Subordinate

Guaranteed Bonds Due 2004

NOTICE IS HEREBY GIVEN to the holders of the U.S. \$10,000,000

Flotting Rate Subordinate Bonds due 2004 (the "Bonds") of BTM

(Curacao) Holdings N.V. (formerly known as Bank of Tokyo (Curacao) Holding N.V.), a Netherlands Antilles corporation

constituted in Curacao (the "Company"), that pursuant to Condition 5(b) of the

Terms and Conditions of the Bonds, the Company has elected to redeem, on

the next Interest Payment Date falling on August 4, 1997, all of the Bonds then

outstanding at the principal amount thereof.

Payment of the principal amount of each of the Bonds will be made on or after

August 4, 1997 upon presentation and surrender of the Bonds, together with all

coupons representing interest accruing after August 4, 1997 at the office of Bank of Tokyo-Mitsubishi Trust Company, 2

Rector Street, New York, New York 10006 or at the principal office in the city indicated of any of the following Paying Agents:

Bank of Tokyo-Mitsubishi (Guernsey) Ltd., Guernsey

The Bank of Tokyo-Mitsubishi Ltd., Brussels

Bank of Tokyo-Mitsubishi (Luxembourg) S.A., Luxembourg

The Bank of Tokyo-Mitsubishi Ltd., London

The coupons for interest payable on August 4, 1997 should be detached and presented for payment in the usual manner.

ON AND AFTER AUGUST 4, 1997 INTEREST ON THE BONDS WILL CEASE TO ACCRUE.

BTM (CURACAO) HOLDINGS N.V. BY: BANK OF TOKYO-MITSUBISHI TRUST COMPANY or Fiscal Agent

Dated: July 18, 1997

LEGAL NOTICES

In the High Court of Justice No. B0491 of 1997

Chancery Division Companies Court

IN THE MATTER OF ANSTAD PLC

and

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 14 July 1997 presented to Her Majesty's High Court of Justice for the

(a) the sanctioning of a Scheme of Arrangement and

(b) the reduction of the capital of the above-named Company by cancelling shares in accordance with the terms of the said Scheme of Arrangement.

AND NOTICE IS FURTHER given that the said Petition is directed to be heard before the Companies Court Judge at the Royal Courts of Justice, Strand, London WC2A 7JL, on Wednesday 30th July 1997.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED the 18th July 1997

Sharon Smith

Exchange House

Princes Street

London EC2A 2ES

Tel: 0171 734 8600

Ref: 72/C/97

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INTERNATIONAL CAPITAL MARKETS

Profit-takers cash in on positive tone

GOVERNMENT BONDS

By John Labate in New York and Vincent Boland in London

Bond markets traded higher again yesterday as the positive tone generated by Wednesday's benign US inflation data and relative calm on the dollar/D-Mark front continued to generate optimism. But markets were running out of steam by the close, with some ending below the day's highs as profit-takers cashed in on some of the gains after a strong run-up in prices.

"The atmosphere in European markets right now is still a pretty positive one," said Mr Nigel Richardson, head of bond research at

Yamaichi International in London. But he added that looking ahead to next week's testimony by Mr Alan Greenspan, Federal Reserve chairman, any ripples of nervousness could spread to European bonds.

US Treasury yields hovered near Wednesday's lows in early afternoon trading, with the long bond yield maintaining its lowest level since December last year.

The bellwether 30-year Treasury bond rose $\frac{1}{8}$ to 102 $\frac{1}{2}$, sending the yield down to 6.485 per cent. The two-year bond was unchanged at 100 $\frac{1}{2}$, yielding 5.843 per cent, while the 10-year issue added $\frac{1}{8}$ to 103 $\frac{1}{2}$, to yield 6.165 per cent.

"Nothing extreme is happening to undermine the positive tone," said Mr John Spinello, government securities strategist at Merrill Lynch.

Earlier in the day, a strong housing survey did little to jar the markets into action as housing starts for June were reported at 4.8 per cent, slightly ahead of analysts' expectations. Traders were favouring shorter-term Treasury bills but profit-taking was also keeping prices at their current levels.

On Wednesday, the market's low inflation outlook was bolstered by favourable reports of the consumer price index and industrial production for June, news that set off a rally in bond buying and a subsequent

rise in the Dow Jones Industrial Average above 8,000. By early afternoon yesterday, the Dow was trading at 8,060.27.

GERMAN BONDS posted strong gains on the day and closed in firm mood, with the September bond futures contract adding 0.37 to settle at 102.80. Analysts said bonds were supported by signs of buying from domestic and overseas investors, with "reasonably firm demand for bonds at this level," one said.

The D-Mark has regained some of its poise against the dollar. This, combined with a positive inflation outlook and weak domestic demand, meant buyers were being drawn back into the German market, the analyst said.

FRENCH BONDS also moved higher but underperformed bonds in this trading ahead of Monday's release of an audit of public finances.

The September notional futures contract settled in Paris at 0.30 at 130.44. The consensus expectation is that the audit will show a budget deficit of about 3.5 per cent of gross domestic product.

Market watchers said it was unlikely there would be any surprise in the audit, and that of chief interest would be any measures the government would take to get the deficit closer to the 3 per cent EMU level.

French officials repeated that there would be no more austerity measures to reduce the deficit, but there were

signs that a rise in company taxes was being considered to raise revenues.

ITALIAN BTFS continued to pace back the losses seen earlier in the week, with the September bond futures contract settling in London at 136.44 to give a spread over bonds of 95 basis points. Mr Eric Fishwick, analyst at Nikko Europe, noted that BTFS appeared "reluctant to push through the mid-90s" against bonds.

UK GLTS also had a good session but finished below the day's peaks after reports that M4 figures to be released today would be higher than expected. The September futures contract on the benchmark long gilt settled in London at 114 $\frac{1}{2}$ up $\frac{1}{8}$.

Euro-denominated offering from Spain

INTERNATIONAL BONDS

By Edward Luce and Krishna Guha

The Kingdom of Spain yesterday became the latest to issue a euro-denominated eurobond with an £1.5bn fungible offering. An official at SBC Warburg, joint book-runner with BSN and Paribas, said the paper was distributed "to all the most prestigious European funds".

Priced to yield 15 basis points over the French euro-OATs yield curve, the paper tightened in to about 13.5 basis points after launch.

As with Italy's euro-denominated bond launched in April, the issue will be "mandatorily" convertible

into the euro once Spain joins European monetary union. Coupon payments are suspended until then.

Unlike other euro issues, however, yesterday's deal will be directly converted into an existing domestic government bond. Yesterday's offering, in other words, will become identical to the existing 6 per cent 2008 bond which totals just under Pt300bn.

"Like everyone else, Spain is trying to provide the investor with liquidity," said one official. "It will obviously trade tighter as a result." The syndicate reported heavy buying from French and German institutions, with almost all the paper going to European funds.

Fans of Russian paper were kept busy yesterday with a \$200m three-year debut from UNEXIM BANK, Russia's largest private bank. The paper, which is the third Russian bank issue

after SBS-Agro last week and Alfa Bank on Wednesday, was priced to yield 400 basis points over Treasuries. This was 25 basis points tighter than the previous two deals, reflecting Unexim's higher credit rating.

The bonds were trading marginally tighter to their re-offer price last night.

IML, Italy's highest rated bank, launched a \$500m five-year floating-rate issue. The notes were priced to yield Libor plus 5 basis points all-in, considered optimistic for an Aa3 rated bank. Joint book-runners BZW and Lehman sold more than half the issue yesterday, and were upbeat about prospects. This was "not a day-one deal," they said. There was little retail support, but solid buying from investment management groups and insurance companies.

New international bond issues

Borrower	Amount	Coupon	Price	Maturity	Yield	Spread	Book-runner
US DOLLARS							
IML Bank Ltd, Madrid	500	6.00	99.85	Aug 2002	6.175	+140bp	BNP/Paribas
Alfa Bank Treasury Ltd	250	6.00	99.85	Aug 2002	6.175	+140bp	BNP/Paribas
Hewlett Packard Finance	200	6.125	99.85	Aug 2000	6.1875	+140bp	BNP/Paribas
Academy Bank	200	6.125	99.85	Aug 2000	6.1875	+140bp	BNP/Paribas
Unicredit Int Finance	200	6.125	99.85	Aug 2000	6.1875	+140bp	BNP/Paribas
Banco SBA Creditanstalt	200	6.125	99.85	Aug 2000	6.1875	+140bp	BNP/Paribas
Barco del Sque	75	6.125	99.85	Aug 2000	6.1875	+140bp	BNP/Paribas
BTFS							
BNP/Paribas	100	6.125	99.85	Aug 2000	6.1875	+140bp	BNP/Paribas
ITALIAN LIRE							
Credito Local de France	300bn	6.25	101.35	Aug 2001	6.25	+150bp	BNP/Paribas
EUROS							
Kingdom of Spain	1.5bn	6.00	99.74	Jan 2008	6.325	+150bp	BNP/Paribas

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch as indicated by lead manager. SBC Warburg, joint book-runner with BSN and Paribas. BZW and Lehman sold more than half the issue yesterday, and were upbeat about prospects. This was "not a day-one deal," they said. There was little retail support, but solid buying from investment management groups and insurance companies.

But other investment banks said the spread was "too tight". One bank that took part in the book said "we have had no interest in our \$5m". It was understood that the lead managers had vigorously supported the issue.

ADLAIDE BANK of Australia - a rare visitor to the eurodollar market - also issued a floating-rate dollar note. Its \$200m three-year issue was priced to yield Libor plus 12.5 basis points.

The bank's Baa3 rating restricted the number of accounts participating in the offer - preventing a head-to-head clash with IML. Lead manager SBC Warburg said the issue had been "pretty well received" and the bonds had "scarcity value".

HEWLETT PACKARD's \$200m three-year fixed-rate bond, priced to yield 8 basis points over Treasuries, went down well with retail investors in Switzerland and the Benelux countries. "It is a household name, in the high-tech sector which is in vogue," said Goldman Sachs, which is running the book.

Goldman added that retail investors were "buying shorter and shorter", down the yield curve, reducing exposure to a downturn.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Coupon	Rate	Price	Day's change	Yield	Week ago	Month ago
Australia	10.000	100.07	+0.03	6.55	6.54	7.33
Austria	5.250	07/07	+0.00	5.61	5.73	5.84
Canada	6.250	03/07	+0.00	5.64	5.65	5.96
Denmark	7.250	05/07	+0.00	5.90	5.98	6.40
France	4.000	07/07	+0.00	6.10	6.13	6.25
Germany	5.000	07/07	+0.00	5.98	5.98	5.79
Italy	6.000	08/08	+0.00	6.33	6.41	6.73
Japan	6.750	02/07	+0.00	5.80	5.82	6.18
Netherlands	5.000	08/07	+0.00	5.98	5.98	5.79
Portugal	6.250	02/07	+0.00	6.10	6.13	6.25
Spain	7.250	05/07	+0.00	6.10	6.13	6.25
Sweden	6.000	08/07	+0.00	6.10	6.13	6.25
UK Gilts	7.000	06/02	+0.00	6.10	6.13	6.25
US Treasury	6.250	02/07	+0.00	6.10	6.13	6.25
ECU (French Govt)	5.500	04/07	+0.00	6.10	6.13	6.25

London closing. Note: 100 = 100% of par. Yield: Local market standard. Prices: US, UK in 32nds, others in decimal. Source: Standard & Poor's M&I.

US INTEREST RATES

Rate	Two months	Three months	Six months	One year	Two years	Three years	Five years	Seven years	Ten years
Prime rate	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
90-day T-bill	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
2-year T-bill	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-year T-bill	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
5-year T-bill	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
10-year T-bill	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
30-year T-bill	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2

Source: Standard & Poor's M&I.

BOND FUTURES AND OPTIONS

France

NATIONAL FRENCH BOND FUTURES (MATIF) FF500,000

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Sep	130.30	+0.30	130.60	130.20	100,516	209,811
Dec	98.98	+0.32	99.28	98.98	706	4,357
Mar	98.38	+0.30	98.68	98.38	2	3

LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike	Aug	Sep	Oct	Nov	Dec
128	3.16	3.16	3.16	3.16	3.16
127	3.16	3.16	3.16	3.16	3.16
126	3.16	3.16	3.16	3.16	3.16
125	3.16	3.16	3.16	3.16	3.16
124	3.16	3.16	3.16	3.16	3.16
123	3.16	3.16	3.16	3.16	3.16
122	3.16	3.16	3.16	3.16	3.16
121	3.16	3.16	3.16	3.16	3.16
120	3.16	3.16	3.16	3.16	3.16

Est. vol. total: Cals 3,481 Puts 12,254. Previous day's open Int. Cals 106,323 Puts 138,157.

Germany

NATIONAL GERMAN BOND FUTURES (LIEFF) DM250,000 100% of 100%

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Sep	102.85	+0.37	103.03	102.80	170,778	272,714
Dec	101.75	+0.37	102.03	101.75	79	10,506

Est. vol. total: Cals 3,481 Puts 12,254. Previous day's open Int. Cals 106,323 Puts 138,157.

UK Gilts Prices

Shorts (Close up in 1/32nds)

	Open	Sett price	Change	High	Low
	102.95	102.80	-0.37	103.03	102.80

Asahi issues debut convert

CURRENCIES AND MONEY

Gossip and profit taking hit pound

MARKETS REPORT

By Simon Kuper

The pound fell yesterday on profit taking prompted by rumours that few in the market believed.

There was talk that the Bank of England was selling pounds in the market, and that Mr Gordon Brown, the UK Chancellor, would signal a future British return to the European exchange-rate mechanism. Few believed this, and Mr Brown in fact merely restated the UK's attitude to European monetary union: that it would only join if this was economically beneficial. Mr Paul Meggs, senior currency economist at Deutsche Morgan Grenfell in London, said the rumours "just added up to a convenient excuse for profit taking", encouraged by sterling's 15-penny rise since June 20. The pound closed 1.7 pence down against the D-Mark in

London at DM2.965.

Mr Michael Burke, senior economist at Citibank in London, said: "I'm not sure how solid a move that is. It's been a day of thin volumes." He said bouts of profit taking on the pound and dollar this year had been modest and brief. "That's generally a very bullish signal." There were as yet no fundamental reasons to sell these currencies. "That's for another day, and maybe a day way off into the future."

The D-Mark also rose against the dollar, despite a German government statement on Wednesday which suggested to the market that Germany would not intervene for its ailing currency. Mr Meggs said the dollar was suffering from traders' disappointment at its failure to break through DM1.80 to the D-Mark. "We've tried to go above that level four times in the last three sessions, and every time the dollar's been hammered down quite quickly," he said.

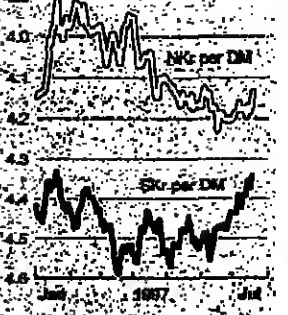
The US currency closed in London half a penny down at DM1.792. It maintained this level in later New York trading, despite a brief dip prompted by Mr Hans Tietmeyer. The Bundesbank president said he hoped that the D-Mark's downward "correction" would not go too far. He made a very similar comment a week ago, also with little effect.

Against the yen, the dollar held recent gains to close in London at ¥116.1, after Japan's June trade surplus lessened just 27 per cent over last year, less than expected.

Traders said the Bank of Italy again bought D-Marks in the market. The lira, which closed at L92.3 to the German currency, is near

the top of its unofficial 2.25 per cent band in the ERM.

Sweden/Norway



Scandinavian currencies rose again, helped by Norway's rate rise on Wednesday and by bullish views of the Nordic economies. The Norwegian krone, which surged on Wednesday, went from Nkr4.155 against the D-Mark to Nkr4.133. The Swedish krona rose to

Nkr4.336 against the D-Mark.

J.P. Morgan wrote yesterday that with the pound's run apparently losing steam, "the focus of market attention will switch towards finding the next 'sterling'." The bank tipped the Nordic currencies for this role. "Economic growth is strong in Norway, recovering strongly in Finland and set to do so in Sweden," it said. Interest rates would rise in all three countries. And given belief that the euro will be a weak currency, Norway and Sweden should profit from lying outside the Euro-zone, Morgan said.

However, Mr Meggs pointed out a catch-22 that could stop the Norwegian

krone from rising far. The sole mandate of Norway's central bank is to maintain a stable currency. Therefore, if the krone gained sharply on prospects of rate rises, the bank would be dissuaded from raising rates, and the krone would fall again.

Yesterday's sales of pounds and dollars suggest that traders are looking ahead to next week, said Mr Steve Hannah, head of research at IBI International in London. The key event, foreign strategists said, could be Monday's French state audit of public finances. The audit is expected to show that France will miss the budget deficit criterion for Euro entry by a large margin, and that could prompt talk that Euro will be delayed. Such talk could boost the D-Mark against the dollar and pound, and few traders want to arrive at work on Monday morning loaded with these currencies.

POUND SPOT FORWARD AGAINST THE POUND

Jul 17	Closing mid-point	Change on day	Spread	Day's high	Day's low	One month	Three months	One year	Bank of England	
Europe	121.071	-0.118	881	121.228	120.802	121.017	3.1	20.807	3.2	20.4016
Austria	(Sfr)	13.582	-0.038	179	13.620	13.544	3.5	81.352	3.8	59.5582
Belgium	(Ffr)	11.408	-0.008	147	11.416	11.370	3.3	11.513	3.5	11.2229
Denmark	(DKr)	8.882	-0.015	310	8.900	8.820	3.2	8.7914	3.5	8.5497
France	(Ffr)	10.216	-0.030	167	10.244	10.188	3.3	10.0318	3.8	9.7581
Germany	(DM)	2.962	-0.016	387	2.978	2.946	3.7	2.9588	3.8	2.85
Greece	(Dr)	470.587	-2.118	1.582	472.698	468.354	4.2	474.744	-3.7	465.1879
Italy	(Lira)	1.1127	-0.028	118	1.1172	1.1102	3.5	1.1108	0.7	1.0989
Japan	(Yen)	292.42	-1.388	172	293.81	291.05	0.0	292.42	0.0	290.87
Luxembourg	(Ffr)	61.282	-0.381	778	61.663	60.899	3.5	61.282	3.7	60.899
Netherlands	(Gld)	3.736	-0.017	171	3.753	3.719	3.6	3.7425	3.7	3.6485
Norway	(Nkr)	12.860	-0.138	726	13.000	12.720	3.2	12.860	3.0	12.0715
Portugal	(Esc)	322.472	-1.738	289	324.210	320.734	0.0	320.734	0.0	320.734
Spain	(Ptas)	202.255	-1.225	157	203.480	201.030	1.5	202.255	1.7	201.030
Sweden	(Skr)	12.927	-0.148	385	13.075	12.779	3.5	12.927	2.6	12.5512
Switzerland	(Sfr)	2.4784	-0.008	748	2.4869	2.4700	5.3	2.4429	5.4	2.3426
UK	(Sterling)	-	-	-	-	-	-	-	-	-
USA	(Dollar)	1.5188	-0.0087	175	1.5265	1.5111	2.5	1.5078	2.8	1.4738
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
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Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia										
Americas										
Argentina	(Peso)	1.6711	-0.0043	708	1.6754	1.6667	-	-	-	-
Brazil	(Real)	1.8555	-0.0001	997	1.8556	1.8554	-	-	-	-
Canada	(Dollar)	2.3028	-0.0001	997	2.3029	2.2992	2.294	3.8	2.2255	-
Mexico	(New Peso)	13.1440	-0.1486	328	13.2927	13.1117	-	-	-	-
USA	(Dollar)	1.5188	-0.0043	708	1.5265	1.5111	1.1	1.5078	1.2	1.4848
Asia	</									

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Three months	One year	Bank of	Jul 17	Closing	Change
rate	rate	England		mid-point	on day
%PA	%PA	Eng. Index			
20.807	3.2	20.4016	3.2	121.071	-0.038
81.3022	3.8	59.5582	3.7	101.8	-0.1065
11.5113	3.5	11.2229	3.4	108.5	-0.0274
8.7914	3.5	8.5497	3.3	102.0	-0.0184
10.0318	3.8	9.7581	3.6	102.9	-0.0474
2.9588	3.8	2.85	3.8	102.1	-0.016
474.744	-3.7	465.1879	4.2	102.1	-0.0094
474.744	-3.7	465.1879	4.2	102.1	-0.0094
474.744	-3.7	465.1879	4.2	102.1	-0.0094
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474.744	-3.7	465.1879	4.2	102.1	-0.0094
474.744	-3.7	465.1879	4.2	1	

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Jul 17	Open	Settle	Change	High	Low	Est. vol	Open int.
Sep	96.51	96.50	-0.01	96.52	96.50	10,778	72,396
Dec	96.44	96.44	-0.01	96.46	96.44	5,697	34,036
Mar	96.38	96.39	-0.02	96.40	96.38	4,391	28,014
Jun	96.32	96.32	-0.02	96.34	96.32	1,111	7,111
Sep	96.26	96.26	-0.02	96.28	96.26	1,111	7,111
Dec	96.20	96.20	-0.02	96.22	96.20	1,111	7,111
Mar	96.14	96.14	-0.02	96.16	96.14	1,111	7,111
Jun	96.08	96.08	-0.02	96.10	96.08	1,111	7,111
Sep	96.02	96.02	-0.02	96.04	96.02	1,111	7,111
Dec	95.96	95.96	-0.02	95.98	95.96	1,111	7,111
Mar	95.90	95.90	-0.02	95.92	95.90	1,111	7,111
Jun	95.84	95.84	-0.02	95.86	95.84	1,111	7,111
Sep	95.78	95.78	-0.02	95.80	95.78	1,111	7,111
Dec	95.72	95.72	-0.02	95.74	95.72	1,111	7,111
Mar	95.66	95.66	-0.02	95.68	95.66	1,111	7,111
Jun	95.60	95.60	-0.02	95.62	95.60	1,111	7,111
Sep	95.54	95.54	-0.02	95.56	95.54	1,111	7,111
Dec	95.48	95.48	-0.02	95.50	95.48	1,111	7,111
Mar	95.42	95.42	-0.02	95.44	95.42	1,111	7,111
Jun	95.36	95.36	-0.02	95.38	95.36	1,111	7,111
Sep	95.30	95.30	-0.02	95.32	95.30	1,111	7,111
Dec	95.24	95.24	-0.02	95.26	95.24	1,111	7,111
Mar	95.18	95.18	-0.02	95.20	95.18	1,111	7,111
Jun	95.12	95.12	-0.02	95.14	95.12	1,111	7,111
Sep	95.06	95.06	-0.02	95.08	95.06	1,111	7,111
Dec	95.00	95.00	-0.02	95.02	95.00	1,111	7,111
Mar	94.94	94.94	-0.02	94.96	94.94	1,111	7,111
Jun	94.88	94.88	-0.02	94.90	94.88	1,111	7,111
Sep	94.82	94.82	-0.02	94.84	94.82	1,111	7,111
Dec	94.76	94.76	-0.02	94.78	94.76	1,111	7,111
Mar	94.70	94.70	-0.02	94.72	94.70	1,111	7,111
Jun	94.64	94.64	-0.02	94.66	94.64	1,111	7,111
Sep	94.58	94.58	-0.02	94.60	94.58	1,111	7,111
Dec	94.52	94.52	-0.02	94.54	94.52	1,111	7,111
Mar	94.46	94.46	-0.02	94.48	94.46	1,111	7,111
Jun	94.40	94.40	-0.02	94.42	94.40	1,111	7,111
Sep	94.34	94.34	-0.02	94.36	94.34	1,111	7,111
Dec	94.28	94.28	-0.02	94.30	94.28	1,111	7,111
Mar	94.22	94.22	-0.02	94.24	94.22	1,111	7,111
Jun	94.16	94.16	-0.02	94.18	94.16	1,111	7,111
Sep	94.10	94.10	-0.02	94.12	94.10	1,111	7,111
Dec	94.04	94.04	-0.02	94.06	94.04	1,111	7,111
Mar	93.98	93.98	-0.02	94.00	93.98	1,111	7,111
Jun	93.92	93.92	-0.02	93.94	93.92	1,111	7,111
Sep	93.86	93.86	-0.02	93.88	93.86	1,111	7,111
Dec	93.80	93.80	-0.02	93.82	93.80	1,111	7,111
Mar	93.74	93.74	-0.02	93.76	93.74	1,111	7,111
Jun	93.68	93.68	-0.02	93.70	93.68	1,111	7,111
Sep	93.62	93.62	-0.02	93.64	93.62	1,111	7,111
Dec	93.56	93.56	-0.02	93.58	93.56	1,111	7,111
Mar	93.50	93.50	-0.02	93.52	93.50	1,111	7,111
Jun	93.44	93.44	-0.02	93.46	93.44	1,111	7,111
Sep	93.38	93.38	-0.02	93.40	93.38	1,111	7,111
Dec	93.32	93.32	-0.02	93.34	93.32	1,111	7,111
Mar	93.26	93.26	-0.02	93.28	93.26	1,111	7,111
Jun	93.20	93.20	-0.02	93.22	93.20	1,111	7,111
Sep	93.14	93.14	-0.02	93.16	93.14	1,111	7,111

COMMODITIES AND AGRICULTURE

Swine fever found in eastern Netherlands farm

By Barbara Smit
in Amsterdam

Panic was reported to have broken out among Dutch pig farmers yesterday after it emerged that swine fever, which has already caused huge damage to the industry in the south of the country, had also been detected in an eastern farm.

Since the latest epidemic broke out in February, the government has banned exports of live pigs

and has authorised the killing of some 5,400 pigs. Pig farmers had fervently hoped that the infectious disease, which is estimated already to have cost some FL1.3bn (\$942m), would not spread beyond the southern province of Brabant.

However, the Dutch ministry of agriculture confirmed yesterday that swine fever had been discovered in a pig farm in Toldijk, in the south-eastern province of Gelderland.

In an attempt to limit further damage, the government has imposed a ban on the transport of livestock and manure within a radius of 20km from the infected farm, and all the farm's 560 pigs have been ordered to be slaughtered.

The ministry said it did not know whether the disease had reached other farms in Gelderland, but many saw the new case as the start of a nightmare scenario.

"This is what we feared from the beginning, but there is still hope that it will turn out to be an isolated case," said a ministry spokesman.

An investigation has been launched to find out how swine fever reached the Toldijk estate. This case, which is the 38th since the start of the current epidemic, was discovered during a routine check.

Exports of Dutch pork yield about FL5bn a year. Although the

disease is not harmful to humans, many countries, including the US, have banned the import of Dutch live pigs and pork.

If the government was forced to impose transport bans throughout Gelderland, nearly the entire Dutch pig industry would come to a standstill. So far, most of the costs of the epidemic have been financed by the European Union.

In recent months distressing pictures of thousands of piglets being injected with lethal doses

and mountains of carcasses lying in the courtyards of slaughterhouses have fuelled an emotional debate about the sustainability of the highly intensive Dutch pig farming industry.

Unable to control the spread of the disease, Mr Jozias van Aartsen, Dutch agriculture minister, last week announced a radical shake-up of the whole sector, in which the country's 15m pig population would be reduced by about one quarter.

Popular fruit trade up 32% since 1980

By Gary Mead

World production of the most heavily consumed types of fruit grew by 32 per cent between 1980 and 1995 to more than 400m tonnes, stimulated by increased demand and changes in the agricultural policies of many countries. This encouraged farmers to move away from previously subsidised agricultural production into new areas.

The increase was in line with overall food production growth, but lagged behind vegetable production growth of 56 per cent over the same period, according to Rabobank International, the Dutch agribank. The bank estimates that world exports of fruit, including nuts and dried fruit, are now worth almost \$25bn annually, while that of fresh vegetables are \$20bn.

Although the fresh fruit business has expanded overall, certain fruits have become more, and others less, popular than the average figure. Grape production fell by 15 per cent during 1980-95, yet citrus fruits, bananas and apples increased by 50 per cent, 48 per cent and 44 per cent respectively. Kiwi fruit has been one of the star performers, with a production rise of more than 8,000 per cent over the period.

Rabobank says premium-priced fruits, such as sour cherries and blueberries (with growth rates of 102 per cent and 98 per cent respectively), as well as tropical fruits, such as mangoes (36 per cent) and papayas (81 per cent) have proved successful new crops.

It forecasts a consolidation within the trade in the near future. "There are too many players", most too small to withstand the negotiating muscle of an increasingly international retail structure, it says.

Seven-year high for zinc

MARKETS REPORT

By Kenneth Gooding
and Gary Mead

Zinc for delivery in three months on the London Metal Exchange moved to its highest level since September 1990 after the LME reported another fall in stocks of the metal in its warehouses.

The metal touched \$1,526 a tonne before profit-taking saw it ease back to close at \$1,511, up \$17 a tonne from Wednesday's close.

Some traders suggested the zinc market's fundamental tightness might in the short term drive the price through \$1,550 and possibly to \$1,600 a tonne. Copper prices fell to a five-month low in early trading after the LME reported its stocks of the metal had risen by another 13,025 tonnes, taking them to 173,350 tonnes. Traders said the big premium for copper for immediate delivery would continue to attract metal to the LME. Some suggested another 100,000 tonnes could arrive before the middle of August. So far this week LME copper stocks have risen by 34,225 tonnes or nearly 27 per cent.

The price recovered in late trading to close at \$2,290 a tonne, up \$33 from Wednesday. However, the premium

for copper for immediate delivery compared with three-month metal dropped by \$50 a tonne to \$135-\$145.

Coffee failed to sustain Wednesday's mini-rally on the London International Financial Futures Exchange, with the September futures contract for robusta closing \$23 lower at \$1,587 a tonne. Dealers in London reported no new fundamentals driving the overall downward pressure, which dogged the market despite an early rise to a peak of \$1,645 a tonne.

The bearish mood was replicated on the Coffee, Sugar and Cocoa Exchange in New York, where by midday the September arabica contract had fallen 1.55 cents a pound to 160.25 cents.

Oil strengthened on signs of growing US demand, despite imminent resumption of Iraqi sales. The world benchmark, Brent crude, traded at \$18.67 a barrel for September delivery late yesterday, 25 cents up from the previous day.

US government figures published late Wednesday showed a drop in oil stocks of almost 4m barrels last week.

However the mid-term picture is still bearish in the context of Iraqi deliveries starting in August, with an estimated 1.5m barrels per day being pumped.

Copper turmoil continues on LME

Anyone who hoped that upheavals in the copper market would end with the departure of Mr Yasuo Hamanaka has been badly disappointed. More than a year since Mr Hamanaka, Sumitomo's chief copper trader, was fired for unauthorised trading and then arrested, turmoil in the market is as great as ever.

Once again there is a battle royal taking place in the London Metal Exchange's copper market between some big players with deep pockets and this is creating tremendous price volatility.

Traders suggest that much of the copper in LME warehouses is tightly held by a few organisations such as Barclays, the UK banking group, Glencore, the Swiss trading house, and Metallgesellschaft of Germany.

They assert that these players are either reluctant to release it to the market, or are deliberately putting a squeeze on the "shorts" - those who sold copper they did not own in the hope that the price would fall and they could pocket the profit.

The effect of this squeeze has been to boost the premium paid for copper for immediate delivery to near-record levels. That premium - or backwardation - compared with metal for delivery in three months, jumped to \$270 a tonne this week when the time came for the shorts to cover their positions or roll them forward.

As usual at such times, the market has been swirling with suggestions that some of the "shorts" have suffered big losses.

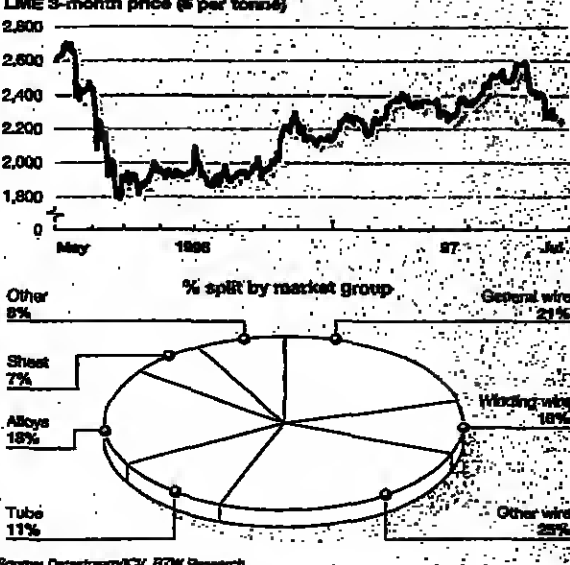
The rumours surrounding LG Metals, part of the South Korea's highest copper producing group, led the Korean finance ministry to ask the company for clarification. A document sent to the ministry by LG and obtained by Reuters said the company's futures and options operation was within its credit limits and its letter of credit amounts. The rumours also had not taken into account its profits on trading physical metal, estimated at \$80m, it said.

Innocent bystanders are caught up in the battle between the longs and the shorts. Particularly hard hit are those producers and consumers for which the LME's copper market primarily exists. It is supposed to make their planning and operations easier by allowing them to hedge and thereby guarantee the prices they will receive or pay.

"But it is hard to tell in which direction the next \$50 [a tonne] move will be, so the volatility is playing havoc with producers' and consumers' hedging strategies," said Mr Robin Bharat Brandaes (Brokers), part of the Pechiney group. And the volatility is likely to continue. "The market could be in backwardation for another 18 to 24 months,"

Copper

LME 3-month price (\$ per tonne)



Source: Datastream/ICI, ERM Research

said Mr Ted Arnold at Merrill Lynch. "Copper supply is likely to remain tight for some years."

However, at the root of the uproar is a widespread conviction that, although demand remains strong, particularly in developing countries, so much new global production capacity is about to come into operation that it is only a matter of time before substantial supply surpluses build up.

Some big investment funds have been anticipating the surplus and have used options to benefit from the

fall in prices this would almost certainly cause. But there is very little physical copper available. LME stocks are extremely low and much of that stock is not freely available to the market.

"The only thing that will stop the squeezes is a big increase in LME stocks to a level where it would not be possible for financial reasons for a few holders to control most of those stocks," suggests Mr Bharat Brandaes. The stock level would be at least 300,000 tonnes, compared with the 173,350 tonnes the LME reported yesterday.

Meanwhile, some consumers suggest the LME executive should do more to calm the market.

Mr David King, its chief executive, this week repeated that the LME was watching the copper market closely - a coded message to those responsible for the squeeze not to push their luck too far.

Traders say the LME executive does a lot of work behind the scenes to ensure the market remains orderly. They suggest, for example, that recently a deal was arranged between LG Metals and a bank to get the Korean company off the hook.

Mr King said that, taking its cue from the review of the LME and the metals markets by the UK Securities and Investments Board that followed the Sumitomo episode, which called for, among other things, increased market transparency, the exchange would be making much more information and data available.

This fresh approach would enable users to have a much clearer picture of large positions in the markets and whether big chunks of LME stocks were being held by a few organisations.

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COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY (\$ per tonne)

	Settle	High	Low	Open
Close	1550.5-1515	1577.75		
Previous	1537.5-1585			
High/Low	1582/1565			
AM Official	1549.50	1576.5-5		
Karb close		1578.75		
Open int.	262,268			
Total daily turnover	88,148			

■ ALUMINIUM ALLOY (\$ per tonne)

	Settle	High	Low	Open
Close	1400.00	1432.35		
Previous	1390.95			
High/Low	1430-95			
AM Official	1400.00	1432/1427		
Karb close		1427.30		
Open int.	5,094			
Total daily turnover	1,543			

■ LEAD (\$ per tonne)

	Settle	High	Low	Open
Close	627.5-615	639.40		
Previous	627.25			
High/Low	643/630			
AM Official	631.5-2.0	642.3		
Karb close		643.4		
Open int.	36,601			
Total daily turnover	8,380			

■ NICKEL (\$ per tonne)

	Settle	High	Low	Open
Close	6710-20	6825-30		
Previous	6810-20			
High/Low	6825/6800			
AM Official	6625-30	6725-30		
Karb close		6830-40		
Open int.	48,987			
Total daily turnover	12,900			

■ ZINC, special high grade (\$ per tonne)

	Settle	High	Low	Open
Close	1508.00	1510-11		
Previous	1490.5-82.5			
High/Low	1515-7			
AM Official	1515-7	1511-12		
Karb close		1511-12		
Open int.	98,287			
Total daily turnover	34,471			

■ COPPER, grade A (\$ per tonne)

	Settle	High	Low	Open
Close	2402.00	2270-71		
Previous	2443-46			
High/Low	2452/2430			
AM Official	2422-4	2289-8		
Karb close		2291-82		
Open int.	143,351			
Total daily turnover	80,327			

■ LME AM Official 2 1/2 rate: 1.0669

LME Closing 8 1/2 rate: 1.6715

Settle 1.747 3 rate: 1.6897 rate: 1.6899 rate: 1.6899

■ HIGH GRADE COPPER (COMEX)

	Settle	High	Low	Open
Jul	169.00	+1.00	169.00	169.00
Aug	169.00	+2.00	169.00	169.00
Sep	169.00	+2.00	169.00	169.00
Oct	169.00	+2.00	169.00	169.00
Nov	169.00	+2.00	169.00	169.00
Dec	169.00	+2.00	169.00	169.00
Total	169.00			

PRECIOUS METALS

■ LONDON GOLD MARKET
(Prices supplied by N M Rothschild)

	Settle	High	Low	Open
Gold (tray oz)	\$ price			
Close	323.70-321.20			
Opening	318.70-318.70			
Morning fix	318.70	190.73	471.97	
Afternoon fix	318.40	190.82	471.91	
Day's High	323.70-321.20			
Day's Low	318.40-318.40			
Previous close	318.50-318.40			

Local LME Gold Lending Rates (N US\$)

	Settle	High	Low	Open
1 month	3.00	3.00	3.40	
2 months	3.20	3.20	3.80	
3 months	3.40			

Silver Fix

	Settle	High	Low	Open
Spot	253.30			
3 months	255.90			
6 months	260.75			
1 year	268.65			

Gold Coins

	Settle	High	Low	Open
1 year	268.65			
2 year	268.65			
3 year	268.65			

Magia Leaf

	Settle	High	Low	Open
1 year	268.65			
2 year	268.65			
3 year	268.65			

New Sovereign

	Settle	High	Low	Open
1 year	268.65			
2 year	268.65			
3 year	268.65			

Precious Metals continued

■ GOLD COMEX (100 Troy oz; \$/tray oz)

	Settle	High	Low	Open
Jul	325.0	+0.0		
Aug	324.7	+0.0	325.0	314.4
Sep	324.4	+0.1		
Oct	325.1	+0.1		
Nov	325.1	+0.1		
Dec	325.1	+0.1		
Total	325.1			

■ PLATINUM NYMEX (50 Troy oz; \$/tray oz)

	Settle	High	Low	Open
Jul	488.7	+0.5	485.0	401.0
Aug	488.7	+1.5	484.5	387.5
Sep	488.7	+1.5	484.5	387.5
Oct	488.7	+1.5	484.5	387.5
Nov	488.7	+1.5	484.5	387.5
Dec	488.7	+1.5	484.5	387.5
Total	488.7			

■ PALLADIUM NYMEX (100 Troy oz; \$/tray oz)

	Settle	High	Low	Open
Jul	160.35	+2.70	160.00	155.00
Aug	155.85	+0.70	157.00	152.00
Sep	154.35	+0.70		
Oct	152.85	+0.70		
Nov	152.85	+0.70		
Dec	152.85	+0.70		
Total	152.85			

■ SILVER COMEX (5,000 Troy oz; \$/tray oz)

	Settle	High	Low	Open
Jul	421.7	+0.6	419.5	418.5

FT MANAGED FUNDS SERVICE

صَبَّحْنَا مِنَ الْإِجَاهِلِ

FT MANAGED FUNDS SERVICE

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Offshore Insurances and Other Funds

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LONDON STOCK EXCHANGE

Another Footsie bid to breach 5,000 rebuffed

MARKET REPORT

By Steve Thompson,
UK Stock Market Editor

UK shares swung both ways yesterday as big institutional investors rushed to book some of their recent big profits. Flurries of selling pressure occurred throughout a vibrant trading session which featured the failure of the FTSE 100 index to breach the 5,000 level.

There had been widespread expectations that Footsie would push through 5,000 when the market opened because of the latest strong rise on Wall Street on Wednesday.

The Dow Jones Industrial Average cruised past 8,000, finishing well clear of that figure. US stocks gave up some of their recent gains at the outset of trading in New York yesterday, when the Dow dipped around 20 points, after a stronger-than-expected Philadelphia Fed survey.

At its best, within the first half-hour yesterday, Footsie came within 7 points of the 5,000 mark, but a sudden sell-off in the FTSE future, and the emergence of selling in the cash market, saw the index buckle under the strain.

Thereafter the index moved erratically, sliding back from the early intraday record of 4,993.0 to post a 28.7-point fall at the day's

lowest point. Another upward move failed to hold in the late morning and the index dropped back again to finish an extremely busy session 15.2 off at 4,967.8.

The FTSE 250 index, on the other hand, gave a much more sedate performance, clawing back some of the ground lost to the FTSE 100 over recent months. It remained in positive territory throughout the day, finishing with a comfortable 12.6 rise at 4,500.2. The FTSE SmallCap index was again left behind, settling 2.3 down on the day.

Broker Albert E. Sharp said smaller companies "will start rising from September and outperform the main market in the

coming 12 months". Mr Simon Smith, the broker's head of UK equities, said: "We see nothing to change our fundamental belief that smaller companies offer exceptionally good value. The consumer recovery remains strong, sterling's strength, which made the early part of the year so difficult, may now be close to peaking, and exporters look set to perform a lot better."

BZW's strategy team argues, however, that "the mid-cap and small-cap stocks look set to bear the burden of an uncomfortable post-Budget policy mix. While the valuation of the FTSE 100 does look a bit rich, its relative insulation to these pressures makes it

the more likely recipient of the surplus liquidity around."

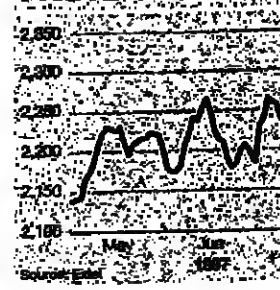
This morning promises more excitement with the expiry of July FTSE 100 index options.

Turnover in equities was a hefty 1.12 bn shares, boosted by the 100m share buy-back by British Steel.

Insurance stocks took up the running from bank shares, which cooled down after their recent strong run.

Just before the close, however, a rumour of an imminent merger between NatWest and Prudential, valuing NatWest at £10.50 a share, swept the market, accompanied by a steep rise in NatWest shares.

FTSE All-Share Index



Indices and ratios

FTSE 100	4967.8	-15.2	FT 30	3126.1	0.0
FTSE 250	4500.2	+12.6	FTSE Non-Fin p/e	19.38	19.47
FTSE 350	2368.0	-4.7	FTSE 100 P/E Sep	4965.0	-2.2
FTSE All-Share	2311.56	-4.47	10 yr GR yield	7.06	7.12
FTSE All-Share yield	3.35	3.35	Long gilts/yield ratio	2.12	2.13

Best performing sectors

1 Insurance	+2.2	1 Pharmaceuticals	-4.0
2 Leisure & Hotels	+1.4	2 Consumer Goods	-2.4
3 Engineering	+1.3	3 Tobacco	-2.2
4 Extractive Inds	+1.2	4 Breweries: Pubs	-1.4
5 Paper/Poly & Print	+1.1	5 Oil Exploration	-1.3

Worst performing sectors

1 Pharmaceuticals	-4.0
2 Consumer Goods	-2.4
3 Tobacco	-2.2
4 Breweries: Pubs	-1.4
5 Oil Exploration	-1.3

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LFFE) 225 per full index point					
Open	Sett price	Change	High	Low	Est. vol
5022.0	4967.8	-36.0	5055.0	4950.0	110
5022.0	4967.8	-36.0	5055.0	4950.0	110

FTSE 250 INDEX FUTURES (LFFE) £10 per full index point

Open	Sett price	Change	High	Low	Est. vol
4555.0	4500.2	-54.8	4600.0	4450.0	0

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Daily share turnover



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Open	Sett price	Change	High	Low	Est. vol
4967.8	4967.8	0.0	4967.8	4967.8	0

FTSE 250 INDEX OPTION (LFFE) £10 per full index point

Open	Sett price	Change	High	Low	Est. vol
4500.2	4500.2	0.0	4500.2	4500.2	0

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4967.8	4967.8	0.0	4967.8	4967.8	0

4 pm close July 77

NEW YORK STOCK EXCHANGE PRICES

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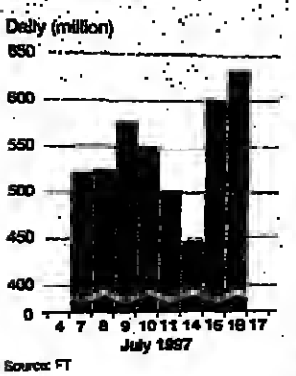
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US stocks overcome early slide

AMERICAS

US stocks edged higher at midsession as bond prices remained sluggish following Wednesday's record break. The Dow Jones Industrial Average, which closed above the 8,000-point level by the Dow Jones Industrial Average, was up 18.36 at 8,057.47. The broader Standard & Poor's 500

NYSE volume



slipped 0.10 at 936.49. Also losing ground in morning trades was the Nasdaq composite, which fell back after its 10-day run of record closes, losing 2.03 at 1578.41. Bond yields remained below Wednesday's levels, with the long bond at its lowest yield since December of last year. A bond rally on Wednesday was sparked by low inflation expectations following the release of the consumer price index and industrial production figures for June. The rally was enough to push the stock market above 8,000 in afternoon trading. "This is the best inflation environment we've had in 30 years, with solid earnings growth," said Mr. Edward Kirchner, stock market strategist at PaineWebber in New

York. Some analysts expect that continued low inflation could keep price to earnings multiples of stocks rising in the coming months. "Lower-than-expected inflation encourages expansion in P/E as investors have greater confidence in the durability of earnings," said Ms. Abby Joseph Cohen of Goldman Sachs in New York.

Based on current operating earnings, the S&P 500 is now trading at an average P/E of 19.5, but multiples could climb higher if inflation remains low, she said. Among Dow stocks, major movers included DuPont, which rose 2 1/4% at \$65.40, and Eastman Kodak, which slid 3 1/4% at \$55.75. AT&T shares lost 1 1/4% at \$45. Boeing lost 1 1/4% at \$58 1/2.

Technology stocks had their worst day for two weeks as Compaq Computer fell 5% at \$132.25 and Hewlett-Packard rose 2% at \$67. Microsoft rose 3 1/4% at \$149.50 after releasing second quarter earnings and Dell Computer surged 5 1/4% higher at \$149.50.

TORONTO crept up as gold stocks benefited from rebounding gold prices in New York. The TSE 300 index rose 10.01 to 6,754.32 in turnover of about 44m shares worth C\$944.6m. Advancing stocks outpaced declines by 404 to 385, while 285 issues traded unchanged. The sub-indices were evenly split between gainers and losers. The gold sector was among the best performing sectors with a rise of 2.5 per cent. Banks, energy, real estate, transport, merchandising and pipelines also moved higher, while metals, communications, consumer products, industrials, conglomerates, paper and utilities lost ground.

Jobs data lift Mexico

MEXICO CITY extended initial gains in late morning trade as lower-than-expected unemployment data helped confirm that the economy was recovering, dealers said. The IPC index climbed 80.04 points or 1.7 per cent to 4,867.47. Favourable second-quarter earnings were also boosting sentiment as they indicated a long-awaited recovery in consumption. Retailer Soriana rose 95 centavos to 25.55 pesos after first-half earnings up 19 per cent in year-on-year terms. SANTIAGO slipped lower

in a lingering reaction to what stock analysts called the "Thailand effect", referring to the recent general unrest in Asian currency markets which, in turn, has spread jitters among investors on Latin American exchanges. The IPSA index was down 0.4 per cent at 132.06 in light trading. Chemical mining firm Sequimich 'B' shares were trading down 1.1 per cent to 2,600.00 pesos. Forestry and petroleum company Copac was trading down 1.9 per cent to 2,010 pesos.

S Africa edges up to peak

Johannesburg was broadly steady as financial stocks rose on hopes of an interest rate cut but golds fell after bullion failed to breach the \$320 an ounce level. The all-share index rose 14.3 to a record high of 7,437.1 in turnover of R1.8bn. The financial index climbed 114.9 to a record 10,436.81 but gold shares fell 5.2 to 894.3. Industrials added 4.8 to reach an

all-time high of 8,941.2. Among financials, Absa rose 1.15 cents to R23.15. Clothing stocks were also boosted by the interest rate rumours. Heavyweight Edgars leapt 300 cents to R134 and Woolco gained 8 cents to R26.78. Netcare rose 12 cents to 186 cents in trade of 8.54m shares on rumours that the hospital company would soon announce a merger with Clinix Holdings.

Milan rockets up 2.9% to all-time peak

EUROPE

A rush of orders from domestic and foreign investors enabled MILAN to ignore the profit-taking that called a halt to the bull run in many other European markets. The Comit index rocketed 26.00 or 2.9 per cent to 922.93, beating the previous all-time record set 11 years ago. Huge turnover of 13,500bn was also by far the largest ever recorded in a single session. "This market began its upward trend at least a year and a half behind Frankfurt and London," said Mr. Maurizio Paglia of Akros Sim in Milan. "We are now making up the lost ground with a very violent upswing. But even at this high level, the market could have another 10 per cent to go."

Mr. Fabio Ferrando of Albertini in Milan said that domestic liquidity had been channelled into equities by low interest rates in the treasury market while foreign investors were attracted by the market's low valuations. "The way the market has risen has been exaggerated so we may expect a correction in the short term. However the fundamental valuations do not look stretched, so we can expect the rally to continue," he said.

Among the day's star performers were Telecom Italia,

L650 higher at L6,553, Mediobanca, L794 ahead at L12,721, and Ambroveneto which jumped L538 to L8,477.

Generally, still benefiting from an upbeat presentation on Wednesday on future business strategies, jumped L1,098 to L37,765.

FRANKFURT fell sharply in high volume, late afternoon trade on a combination of profit-taking, early weakness on Wall Street and a softer dollar against the mark.

The Ibis-indicated Dax index closed 19.78 down at 4,203.91, having fallen as low as 4,182.40 at one stage. The weaker dollar against the mark hit exporters, especially in the motor and chemicals sectors. BASF lost 11pfg to DM71.24 and Hoechst was down DM1.73 to DM83.90. Bayer, however, bucked the trend to gain 17pfg to DM76.50.

Volvo, in demand in recent months, was lower on speculation that the stock had been downgraded by an investment house and on news that the carmaker has recalled 12,000 Sharon minivans. The share lost DM26.50 to DM1,440.

Other car stocks were weak. Daimler-Benz fell DM1.60 to DM151.70, Porsche preference shares were down

FTSE Actuaries Share Indices

July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10
FTSE 100	2742.86	2743.86	2740.54	2740.57	2742.87	2740.02	2736.15
FTSE 250	2728.13	2728.13	2728.13	2728.13	2728.13	2728.13	2728.13

DM82 at DM2,700 and BMW shed DM14 at DM1,516. Karstadt, the retailer, added to the week's earlier gains which followed speculation that Germany's WCM group would take a stake in the group. WCM denied an interest but Karstadt still finished DM4.50 higher at DM83.

ZURICH took a dim view of first-half sales figures from Nestlé. While sales rose 17.5 per cent, helped by favourable currency developments, real internal growth, excluding acquisitions and divestments, stood at a lower-than-expected 2.7 per cent. The shares were marked down SF42 to SF1,927, which contributed to an increasingly gloomy mood in the broad market. The SMI index lost 59.2 to 5,888.3, with some shares also under pressure ahead of today's Swiss options expiry.

Among cyclical, Alu-

managed a SF10 rise to SF2,130, but Sulzer eased SF23 to SF1,215 in spite of a forecast that net profits at the technology group could more than double this year to levels last seen in 1994.

Roche certificates, down SF1956 at SF1,615, gave back some of the gains seen in the wake of its better-than-expected first-half sales earlier this week. Novartis fell SF21 to SF2,420. A SF75.75 fall to SF200 in SMH, the watchmaker, was attributed to selling ahead of an options expiry today. In PARIS, the CAC 40 index went through the 3,000 point level in opening trades but was pulled back by sell orders from futures market. The index closed down 29.42 at 2,958.59 in heavy turnover of FF10.3bn. Investors were said to be cautious ahead of the release on Monday of the government's audit of public finances and its measures to reduce the budget deficit.

Promodes fell FF118 or 4.4 per cent to FF2,581 on rumours that the supermarket operator would enter an alliance with Casino. Casino fell FF143 or 3.3 per cent to FF4,200.

Thomson-CSF rose FF4.50 or 4 per cent to FF168.1 after the government acknowledged it would cede its majority stake.

SGS-Thomson fell FF24 or 4.3 per cent to FF537 after it announced halved profits for the first six months of the year.

AMSTERDAM ended its four-day bull run under pressure from forthcoming options expiries. After an all-time intraday high of 978.37 at the beginning of the session, the AEX index closed down 11.88 at 963.87.

Only the publishing sector held up, after Goldman Sachs upgraded Reed Elsevier. The rises were led by Wolters Kluwer, which has lagged behind the rest of the sector. It closed up FI 5 at FI 270. Elsevier closed 40 cents higher at FI 36.40 and VNU added 10 cents to FI 147. Ahold rose FI 2.60 to FI 188.50 after it denied reports that it was interested in taking a 10 per cent stake in Karstadt of Germany. HELSINKI posted its fourth consecutive record close as the Hex index rose 33.87 to 3,532.87 in heavy

turnover of around FM900m. Nokia began strongly following its overnight rise in New York before profit-taking pulled the share back to close FM5 higher on the day at FM445.

Raisio continued to soar following its link-up with Johnson and Johnson to develop its benecol cholesterol-reducing margarine. The shares finished FM74.50 or 13.9 per cent higher at FM839.

"This trend can't go on forever, although it shouldn't go down too heavily," said one dealer. STOCKHOLM was led lower by Astra, which released lower-than-expected US sales figures for its ulcer drug Losec.

The general index closed down 25.87 at 1,613.31 in turnover of SKr5.3bn. Astra A shares closed down SKr6 at SKr151. Forestry companies resisted the trend on signs that prices are on their way up as Stora said it would raise fine paper prices by around 10 per cent from September. MoDo B closed SKr3.50 higher at SKr273. SCA B closed up SKr2 at SKr172 and Stora A added SKr2 at SKr132.

Written and edited by Michael Morgan and Robert Anderson

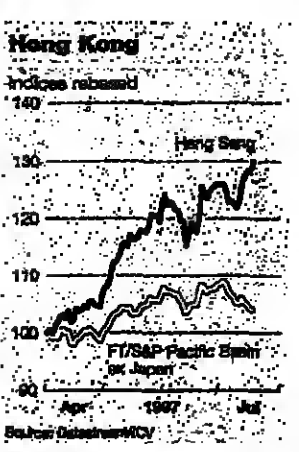
HSBC pulls Hong Kong up 1.7% to record high

ASIA PACIFIC

Continued strength in HSBC propelled HONG KONG up 1.7 per cent to close at a record high although late profit-taking trimmed the market's intraday gains. The Hang Seng index finished 260.37 higher at 15,706.29 after hitting an all-time intraday high of 15,706.29.

HSBC surged HK\$15 to close at a best-ever HK\$279, extending its gain for the week to 13.9 per cent. Analysts said the stock was still being lifted by an upbeat view of the prospects for banks in London and expectations of a solid interim earnings statement from HSBC on August 4.

Property issues were steady as the market continued to digest the government's plans to increase



benefited other export-driven stocks, reflecting growing confidence that the US currency's strength would boost sales of Japanese products overseas. However, buying became more selective as investors dumped general contractors and stocks in debt-laden companies, driving the 225 index into negative territory at one stage.

Volume edged down from 517m shares to an estimated 508m. Declines led advances 629 to 467 with 142 unchanged. The Topix index of all first-section stocks rose 8.21 to 1,553.14 and the capital-weighted Nikkei 300 was up 1.91 at 302.73.

Among high-technology issues, Tokyo Electron rose Y240 to Y7,450, Sony Y200 to Y10,700 and Famic Y160 to Y4,700. However, TDK fell Y20 to Y9,960 and Kyocera shed Y60 to Y9,590 on profit-taking following substantial gains in recent sessions. Advantech ended unchanged at Y10,200 after surging Y430 the previous day. Among other blue-chip exporters, Toyota rose Y70 to Y3,520 and Honda Y40 to Y3,700. Fuji Photo Film rose Y80 to Y4,980.

Banks were the second biggest gainers, rising nearly 2.2 per cent as a group. Long-Term Credit Bank of Japan, the day's most active issue, climbed Y68 to Y575

on Tuesday's news of its global alliance with Swiss Bank Corporation. Other banks continued to rise on expectations that the alliance would lead to other tie-ups between Japanese and foreign financial institutions. Industrial Bank of Japan rose Y30 to Y1,830 in spite of news that Moody's Investors Service had downgraded its long-term debt rating.

In contrast, general contractors continued to slide on concerns about their financial health and earnings outlooks. Sato Kogyo fell Y15 to Y155, Haseko Y8 to Y122, Daisuke Construction Y11 to Y122 and Kumagai Gumi Y7 to Y141.

Pharmaceuticals were

would not adjust monetary policy to stem the market's rise. SINGAPORE was carried higher by a sharp rise in the electronics sector which took its lead from the strong performance of high-tech issues in the US. The electronics sub-index jumped 2.5 per cent but a dull performance among blue chips was reflected in a rise of 2.65 in the Straits Times Industrial index to 1,920.54.

Creative Technology, the multi-media company, rose 90 cents to a three-year high of S\$32.80 as analysts remained optimistic about its earnings prospects. SYDNEY's All Ordinaries index closed 23.3 higher at 2,669.97 in a session dominated by Wall Street's rise.

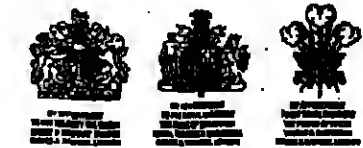
Banking stocks were among the biggest gainers, assisted by a stronger bond market. ANZ bank rose 1.7 per cent to A\$9.56 and Westpac Banking 1.1 per cent to A\$7.88.

BANGKOK pulled back after the finance minister said the government would not seek international aid to bail out the debt-ridden private sector. The SET index lost 7.4 to 658.28 in busy volume of B\$2.2bn. However, Mr. Thanong Bidaya was reported to have urged Japanese bankers to increase their credit lines for Thai banks. Analysts said this apparent contradiction confused investors, making them reluctant to take positions.

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FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS FIGURES IN PARENTHESES show number of lines of stock in index	US Dollar Index	Day's Change %	WEDNESDAY JULY 15 1987						THURSDAY JULY 16 1987						DOLLAR INDEX					
			Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local chg day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)				
Australia (76)	279.24	0.3	202.85	188.18	214.21	207.41	0.5	3.88	228.55	202.98	186.55	213.91	206.43	243.87	188.44	186.58				
Austria (23)	159.34	1.2	178.37	145.25	186.27	186.15	0.1	1.77	189.55	174.40	143.50	184.26	184.26	222.98	174.70	180.18				
Belgium (29)	223.92	1.2	223.78	155.56	238.35	231.54	1.1	2.56	245.78	221.14	182.38	223.78	223.00	251.11	205.58	207.58				
Brazil (30)	200.18	7.8	205.60	220.23	260.50	267.07	7.8	1.22	275.58	245.86	203.57	260.74	254.07	322.44	170.29	176.57				
Canada (127)	220.82	1.2	185.47	162.06	206.44	219.39	1.4	1.88	218.33	183.31	159.39	204.34	218.54	220.92	154.12	155.30				
Denmark (32)	403.86	1.4	382.65	300.70	382.59	381.82	1.2	1.34	404.34	355.00	295.18	378.44	377.30	408.88	308.46	308.62				
Finland (28)	226.30	3.0	273.57	226.82	285.02	344.44	2.8	1.50	202.45	265.38	210.30	291.15	335.21	339.30	185.57	185.28				
France (94)	233.18	1.4	205.32	171.07	217.89	222.05	1.2	2.37	250.07	230.70	167.98	215.38	218.40	257.57	186.94	188.42				
Germany (56)	231.45	1.9	204.79	188.01	216.28	216.28	1.7	1.51	227.22	201.15	165.88	212.87	212.67	231.45	185.70	185.47				
Hong Kong, China (66)	529.01	-1.4	488.07	388.11	494.33	508.28	-1.4	2.88	536.51	475.03	391.87	502.19	533.70	539.88	407.55	414.31				
Indonesia (27)	238.50	-0.7	211.08	174.98	222.85	263.59	0.5	0.79	240.29	212.73	175.40	224.87	261.62	264.90	185.82	202.40				
Ireland (17)	372.35	2.0	339.40	273.18	347.94	349.32	1.8	2.75	364.33	323.10	258.41	341.55	343.23	372.35	270.33	270.21				
Italy (59)	101.40	2.3	98.72	74.40	94.78	132.25	2.2	1.87	89.11	87.78	72.96	92.77	128.44	101.40	73.25	75.72				
Japan (483)	137.12	-1.1	121.33	100.00	128.13	100.00	1.8	0.78	135.85	120.10	99.02	128.96	99.02	160.07	107.57	148.95				
Malaysia (107)	465.21	-1.5	412.80	342.04	435.64	484.32	-0.7	1.48	473.25	419.08	345.54	442.02	467.41	680.86	483.21	556.78				
Mexico (27)	1703.44	1.1	1524.55	1247.54	1588.95	1674.83	1.7	1.28	1682.22	1488.43	1228.05	1574.47	1483.30	1726.89	1110.00	1118.00				
Netherlands (19)	427.48	2.1	373.23	313.82	398.45	394.87	2.0	1.97	418.53	370.56	305.83	391.72	397.12	427.48	279.55	295.61				
New Zealand (14)	91.22	-0.4	90.72	66.83	85.24	73.48	0.3	3.95	91.58	81.07	68.84	85.70	73.28	96.47	70.04	76.26				
Norway (41)	324.52	2.6	287.14	238.08	303.25	328.94	1.0	1.57	316.21	279.97	230.84	295.95	323.81	324.00	248.04	248.50				
Philippines (22)	135.54	-3.9	122.98	101.84	128.45	205.32	-3.0	0.82	144.15	127.63	105.23	134.91	211.74	214.07	136.54	206.72				
Singapore (45)	373.82	-0.3	332.51	275.50	351.27	393.84	-0.1	1.22	367.63	333.84	275.55	352.92	360.93	445.01	360.28	362.34				
South Africa (49)	360.00	0.7	318.53	256.12	336.40	352.41	0.7	2.41	357.54	315.57	251.02	334.84	350.04	370.12	301.45	338.18				
Spain (33)	295.37	1.1	235.89	195.43	248.91	305.34	0.8	2.17	283.41	233.22	192.29	248.54	302.63	278.05	171.91	174.86				
Sweden (49)	511.95	1.8	482.87	375.59	478.38	544.36	1.5	1.74	504.05	448.28	367.87	471.78	505.48	511.95	384.25	340.78				
Switzerland (32)	321.45	0.9	284.42	235.84	300.38	298.25	1.3	1.14	314.84	281.88	232.50	295.05	291.63	328.96	231.65	245.45				
Thailand (42)	54.87	7.7	57.40	47.58	63.62	75.84	6.0	4.09	60.25	53.93	45.07	59.57	70.08	158.78	47.58	158.78				
United Kingdom (213)	325.28	1.4	287.81	239.84	305.85	287.81	1.3	3.49	320.92	284.14	234.28	300.57	284.14	325.28	229.83	229.83				
USA (614)	379.67	1.2	335.94	278.55	354.78	317.67	1.2	1.48	376.15	352.15	273.87	351.14	375.15	379.67	254.79	255.26				
Americas (828)	347.34	1.8	307.32	254.83	285.47	262.46	1.5	1.81	342.92	303.82	250.34	325.89	289.62	347.34	234.09	235.64				
Europe (718)	284.44	1.5	251.87	208.88	265.79	287.84	1.5	2.40	281.10	248.05	204.33	282.21	284.44	204.71	208.42					
Nordic (136)	430.26	1.8	385.11	319.92	408.74	440.05	1.7	1.80	427.28	376.38	311.98	388.45	429.19	430.26	295.14	295.14				
Scandinavia (99)	315.13	1.5	281.13	231.49	260.44	287.14	1.5	1.80	305.26	270.38	231.49	260.44	272.31	272.31	193.83					
Western Europe (861)	206.82	1.1	184.39	153.08	194.94	172.14	1.3	1.80	202.26	182.62	150.27	182.05	189.84	206.82	173.62	180.02				
North America (771)	359.86	1.2	327.26	271.35	346.41	368.01	1.2	1.82	355.45	325.57	258.70	342.05	354.39	359.86	248.85	248.19				
Europe Ex UK (505)	256.00	1.8	228.61	187.51	239.21	250.10	1.8	1.77	251.41	221.04	190.80	235.77	246.88	256.23	186.85	186.85				
Asia Pacific Ex Japan (398)	304.12	0.8	269.33	223.34	234.40	271.93	0.8	1.72	275.80	245.80	200.25	245.80	275.80	275.80	200.25	200.25				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
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World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
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World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87	170.05	212.50	179.54	181.13				
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World Ex UK (2256)	230.48	1.2	202.10	165.55	195.84	215.84	1.4	1.88	210.02	185.95	157.32	195.87</								